

BASIC CONTRACT ADMINISTRATION

INSTRUCTOR'S GUIDE

**FEDERAL ACQUISITION INSTITUTE
CURRICULUM OF PROCUREMENT COURSES
CURRENT THROUGH FAC 90-18**

**OFFICE OF ACQUISITION POLICY
GENERAL SERVICES ADMINISTRATION**

DIRECTIONS FOR THE INSTRUCTOR

Basic Contract Administration is a 1-week, intensive training course on how to administer a Government contract. The course is intended for Government employees who have, or will have, contract administration responsibilities and who need instruction on the practices and procedures used to reduce the likelihood of problems occurring and constructively resolve any that do arise. This course emphasizes fixed-price contracts in its examples and exercises.

This *Instructor Guide* is designed to help you deliver the course so the students receive maximum value from their participation. The Guide is structured to help you cover all of the necessary content and keep the training on schedule. The course will work best for you and the students if you follow the Guide closely and carefully.

The Basic Contract Administration course consists of six parts:

- *Instructor Guide* containing detailed outlines of each topic along with instructions for conducting class exercises and discussions.
- *Text/Reference* consisting of explanatory material on each of the units covered during the course.
- *Classroom Exercises* that include directions to the student for each exercise plus the case materials the student needs to complete an exercise.
- *Final Examination Questions* organized in three parallel versions for use in administering the end-of-course test, and an instructor's version with answers.
- *Media Aids* consisting of a series of overhead transparencies to be used during the course delivery as indicated in the Instructor Guide.
- *Practicum Guide* containing a series of self-administered exercises the student may be asked to complete at his or her workplace at the discretion of that student's agency or office.

<p>NOTE: <i>The Text/Reference currently contains 14 chapters, but only nine are included in the course. The remaining chapters will be transferred to other courses under development. Also, the Classroom Exercises, now a separate volume, will be combined with the Text/Reference in a later revision.</i></p>
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Preparation

Thorough preparation prior to delivering the course is essential. You must not only be familiar with the course content, but also comfortable with the style of instruction used in this course. The following steps will help you prepare yourself to deliver this training.

- a. Read the Text/Reference.** Although you are knowledgeable about contract administration, you should begin by reading every chapter carefully to become acquainted with exactly what is covered and how the information is presented. You may want to review copies of the FAR citations that are referenced in the text.

NOTE: *The chapters that will be covered during the course are Chapters 1, 2, 4, 5, 6, 7, 8, 9, and 10. Chapter 3 is covered only very briefly and is not a reading assignment for the students.*

- b. Review the Instructor Guide.** Carefully read each lesson plan. The heading tells you the objectives for that segment, the time allocated to it, and the instructional method to be used. The content of the lesson plan describes the points to be made during a presentation, what questions you should ask, and how discussions should be structured. It also gives the directions you are to present at the beginning of an exercise and how to review the results with the students. Icons appear in the left margin to call your attention to something important:



Show Vugraph; the number of the vugraph appears below the icon.



Interactive Vugraph; a vugraph designed to elicit responses from students.



Question/Answer session; used to stimulate student participation, to test understanding during reviews, and to see where clarification is needed.



Instructor Note; calling your attention to some key aspect of directions you are to give.



Roleplay; where students act out roles sometimes with you participating.



Chalkboard/Flipchart; you should write the described information on a chalkboard or flipchart as it is offered.



Group Exercise; the students are to work in small groups on an exercise (see below).

In the Instructor Guide, instructions you are to follow are presented in italics. Where appropriate, the worksheets students will complete during individual and small group exercises are reproduced inside boxes in the Instructor Guide with the "school" solutions entered. Reproductions of each vugraph are provided where they initially are shown.

- c. Develop Presentation Notes.** Each instructor is encouraged to develop notes to support delivery of the course in the classroom. You can underscore or highlight words in the lesson plan or write out teaching points in the "Instructor Notes" column. The Instructor Guide contains all of the content needed to achieve the objectives, and it is not necessary for you to prepare any additional exercises or other material. However, you should be ready to give a brief example, offer an explanation, or provide clarification when needed.
- d. Prepare the Classroom.** This course is designed to accommodate classes from 20 to no more than 30 students. Much of the time will be spent in small group exercises, with no fewer than 4 and no more than 6 students in each group. This process works well when the students sit at tables spaced around the classroom, with 4 to 6 students at each table. Depending on the size and shape of the room, arrange the tables in a "U," with the

instructor at the center of the open end. If the space is long and narrow, the instructor should be positioned near the center rather than at one end of the room.

In addition to a table and chair for the instructor, an overhead projector and screen and a chalkboard or flipchart will be needed. Also, some exercises require the students to work using their own scratch paper and, occasionally, flipchart paper. Be sure you know how to use the projector before you begin and that you have adequate supplies including chalk or marking pens and a spare lamp for the projector. The students should have blank name tents and markers at their tables.

- e. **Conducting the Training.** This course will not be difficult to teach if you have prepared thoroughly. For best results, follow these suggestions:
- Plan on the students remaining in the same small groups throughout the course. If necessary, randomly redistribute individuals from the same agency or office before the first small group exercise so that each group contains students with diverse backgrounds. Encourage competition between groups (let each group adopt a team name, for example). Restructure the groups only if problems develop.
 - Maintain a reasonable informality. Making the class too formal may discourage some individuals from participating. During your presentations, try to be conversational and tutorial rather than lecturing or, even worse, reading aloud. Encourage all students to contribute by answering questions, providing examples, or offering suggestions.
 - Keep on schedule. Start class promptly in the morning and after breaks. Make certain the students know how much time is available for each exercise and what they are expected to accomplish. Avoid lengthy discussions and disagreements; these are better dealt with after class.
 - Be as helpful as possible. Students should be encouraged to ask for clarification when they need it. Offer assistance during small group exercises so everyone contributes and makes progress. This course is demanding, but when properly taught it will be an enjoyable and memorable experience for you and every student.

DAY ONE

WELCOME

Ref.: None

Objective: When you finish this segment, your students must be able to:


- Recognize you and all of the other students in the class.
- Describe the course purpose and classroom schedule.
- Identify locations of restrooms, water fountains, places to eat, and smoking areas.

Time: 8:00 AM (25 minutes)

Method: Presentation/Participation

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: <i>(Allow up to 10 minutes for latecomers to arrive and for everyone to settle down.)</i> Welcome to this course: Government Contract Administration.</p> <p>My name is _____. <i>(Very briefly describe your background in contract administration.)</i></p> <p>During the week we all will be working together. It will help if we know each other by name. There are blank name signs/tents and marking pens on each table. Fill one out using your first name or a nickname. Print clearly so we all can read it. <i>(Pause for a minute or two.)</i></p> <p>b. Assign: Now I'd like to hear something about each of you. You are going to introduce the person sitting at your left to the class. We'll take a few minutes so you can interview the person to your left: their name, where they're from, their agency or office, and in a few words what they do. Remember, you also have to give this information to the person sitting to your right. <i>(Pause for 3 or 4 minutes. Direct anyone sitting alone at a table to move to a table with others.)</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Results: O.K., let's hear the introductions. We'll begin here. (<i>Direct one student to introduce the person at his or her left; then continue around that table. Next, skip to another table, and so forth, until all students are introduced.</i>)</p> <p>d. Explain: This course is scheduled for 5 days, from today through Friday. Class will begin promptly at 8:00 AM each day. We will stop for lunch between 11:30 and 12:30. The class will end at 3:30. There will be a 20-minute break in the middle of each morning and each afternoon session.</p> <p>Much of the time we spend in class will be devoted to doing exercises, individually and in small groups, so you can practice what you are learning. There will be a reading assignment each evening.</p> <p>There will be an examination at the end of the course. You must pass the examination to receive a certificate. The tests will be graded after the training ends and the certificates will be mailed to those who pass. Here are some hints that will help you do well on the test:</p> <ul style="list-style-type: none"> • Don't fall behind; be prepared for each day's class. • Get involved in the exercises; practice is important. • Ask questions if there is something you don't understand. <p>e. Explain: The materials for this course are in 2 volumes. One volume is called the Text/Reference. I will assign you chapters to read in the Text/Reference each evening. You also should bring this volume to class every day, and refer to it for assistance when you do the exercises. The second volume is called Classroom Exercises. It contains directions and materials for the exercises you will do during class. Bring this volume with you to class every day as well.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Look at the Text/Reference for a minute. It contains 14 chapters. We will cover only 9 chapters in this course, chapters 1 and 2 and chapters 4 through 10. The remaining chapters are for your future use. You will want to read them as your skills grow, to understand more about Government contract administration. Both volumes are for you to keep. You will want to refer to both of them back on the job.</p> <p>f. Present: Here's some information that may be helpful. (<i>Describe the location and attributes, if appropriate, of:</i></p> <ul style="list-style-type: none"> • <i>restrooms</i> • <i>drinking fountains</i> • <i>smoking areas</i> • <i>places to get lunch, snacks</i> • <i>etc.</i>) 	
	<p>g. Question: Are there any questions? (<i>Call on students by name; if you don't remember, ask for the name again. Then proceed.</i>)</p>	

COURSE OVERVIEW


Ref.: None


Objective: When you finish this segment, your students must be able to:

- Describe what is meant by a contractual relationship.
- Identify the responsibilities of contract administration.

Time: 8:25 AM (10 minutes)

Method: Lecturette


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: In this course you will learn how to administer a contract. You have to begin by understanding what a contract is. A contract</p> <ul style="list-style-type: none"> • is a legal relationship • is binding on both parties • obligates each party to the contract's terms. <p>Most contracts obligate</p> <ul style="list-style-type: none"> • one party to provide goods or services • the other party to pay for them. <p>The kinds of contracts of concern in this course are those where</p> <ul style="list-style-type: none"> • the Government is one of the parties • delivery of the goods or services, and/or payment for them, is in the future. 	
	<p>b. Question: Who can give an example of a contract where you personally were a party? (<i>Ask for answers. Get two or three. For each, identify each party's obligations. Some possible examples are:</i></p> <ul style="list-style-type: none"> • <i>purchase of a house: one party agrees to pay, the other agrees to transfer title to the property</i> • <i>rental of an automobile</i> • <i>subscribing to a magazine</i> • <i>contracting with a lawn-care service.)</i> 	


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Explain: Contract administration is what you do to make sure each party's obligations under a Government contract are met. As a contract administrator you want to make sure</p> <ul style="list-style-type: none"> • all terms and conditions are understood • each party performs as expected • problems are avoided or resolved promptly • the risk to both the Government and the contractor are minimized. <p>Your responsibilities in administering a contract will depend on the</p> <ul style="list-style-type: none"> • type of contract (fixed price, cost-plus, etc.) • materials or services involved (standard or non-standard) • experience of the contractor • assistance you receive from other Government personnel involved in managing contracts. 	
 0-1	<p>d. Show: (<i>Vugraph 0-1: Basic Contract Administration.</i>)</p>	

BASIC CONTRACT ADMINISTRATION

- ¥Plan the administration of a contract
- ¥Conduct a post-award orientation
- ¥Monitor a contractor's performance
- ¥Resolve problems that may arise
- ¥Apply remedies under the contract
- ¥Prepare contract modifications
- ¥Process a dispute, claim, or termination
- ¥Authorize payments under a contract
- ¥Close out a completed contract

0-1

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>In this course, we will focus mostly on administering fixed-price contracts. We will cover most of the basic responsibilities of a contract administrator. You will learn how to</p> <ul style="list-style-type: none"> • plan the administration of a contract • conduct a post-award orientation • monitor a contractor's performance • resolve problems that may arise • apply remedies under the contract • prepare contract modifications • process a dispute, claim, or termination • authorize payments under a contract • close out a completed contract. 	
	<p>e. Explain: Several different individuals may have roles in managing Government contracts. Their titles and duties are established by their agency or office, so they may vary. Nevertheless, it is important that you understand their various roles so you know what their general responsibilities are. <i>(List titles on chalkboard or flipchart as you introduce them.)</i></p> <ul style="list-style-type: none"> • Contracting Officer, CO, is someone officially authorized to award, administer, modify, or terminate a Government contract. <p>In some agencies, these responsibilities are divided.</p> <ul style="list-style-type: none"> • Procuring Contracting Officer, PCO, specializes in source selection to meet requirements through the award of a contract. • Administrative Contracting Officer, ACO, performs post-award duties such as monitoring contract performance and authorizing contract modifications. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> Terminating Contracting Officer, TCO, is responsible for processing contract terminations and settling termination claims. <p>Contracting Officers are allowed to delegate some of their duties to others. However, only a Contracting Officer can enter into or change a contract.</p> <ul style="list-style-type: none"> Contracting Officer's Technical Representative, COTR, often is identified in the contract as the person responsible for monitoring performance and determining acceptance of products and services that may be technical in nature. Some agencies call this person a COR, a Contracting Officer's Representative. The COTR or COR often represents the requiring activity. Other Team Members include quality assurance and inspection specialists, legal counsel, auditors, cost and price analysts, and contract specialists. Contract specialists typically assist the Contracting Officer in day-to-day contract administration duties. <p>The team concept is very important to good contract management. Together, the team members have the expertise to administer the contract to everyone's satisfaction.</p>	
	f. Question: Are there any questions? (<i>Answer student questions. Then proceed.</i>)	

TOPIC 1.1: INTRODUCTION TO LESSON 1



Ref.: Chapter 1, p. 1-42

Objective: When you have finished this introduction, your students must be able to:

- Describe the purpose of a contract administration plan.
- List the steps in preparing a contract administration plan.
- Identify the steps in implementing a contract administration plan.

Time: 8:35 AM (10 minutes)

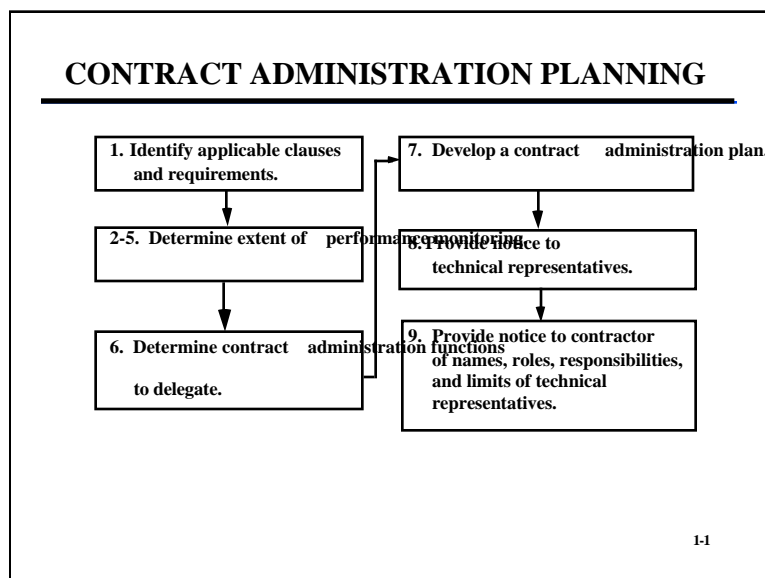
Method: Lecturette

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
 	<p>a. Question: In order to properly administer a contract, you will need a plan: a contract administration plan. What do you think this plan should cover? What would you want to know if you were assigned to administer a new contract. <i>(Ask for answers. List components on chalkboard or flipchart.</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>Some possible answers are:</i></p> <ul style="list-style-type: none"> • <i>which contract terms or conditions require your action</i> • <i>what product or service is involved</i> • <i>when it must be delivered</i> • <i>who approves the delivery</i> • <i>how to know if something is going wrong.</i> <p><i>Add any of these that are not mentioned to the list on the chalkboard/flipchart.)</i></p> <p>b. Explain: These all are valuable ingredients. You will have to consider at least these in any contract administration plan you prepare.</p> <p>c. Show: (<i>Vugraph 1-1: Contract Administration Planning. Identify each step in the flowchart.</i>)</p>	



1-1







LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Explain: These are the steps in developing and implementing a Contract Administration Plan. Each step is described in Chapter 1 of your text and this chart is there too so you don't have to copy it. Right now I'm only going to describe each step briefly. We'll go into more detail later in this lesson.</p> <ul style="list-style-type: none"> • STEP 1: Identify applicable clauses and requirements. Review the contract to become familiar with all of the contract's requirements. You also should look for any information about the contractor that will help you determine how to administer the contract and monitor the contractor's performance. • STEPS 2-5: Determine the extent of performance monitoring. In Step 2, you are to assign a criticality designator. There are 3 designators: A, B, or C. Criticality indicators A and B generally apply to high priority defense contracts. Most other contracts are given a C designator. <p>In Step 3, you will identify potential problem areas. Problems are likely to arise when the requirements are unusual, when special conditions apply to the contractor's performance, or when that contractor is not fully experienced in doing that kind of work.</p> <p>In Step 4, you establish the performance monitoring requirements. This step is accomplished in conjunction with the requiring activity. Together, you and the user should agree on what aspects of the contractor's performance will require the most monitoring.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>In Step 5, you must determine the extent of performance monitoring. Some contracts and some contractors will need to be monitored more closely than others. You will want to monitor closely when the work is critical, when the schedule is tight, or when you have concerns about the contractor's ability to perform.</p> <ul style="list-style-type: none"> • STEP 6: Determine which contract administration functions will be delegated and to whom. You want to make sure someone is responsible for all Government obligations, such as overseeing inspections and other forms of compliance. And you want to make sure everyone acting on behalf of the Government understands that only the Contracting Officer can in any way change the contract or obligate the Government. • STEP 7: Develop a contract administration plan. Your plan will be based on your analysis of what the contractor must do, what the Government must do, and when and how performance under the contract will be monitored. • STEP 8: Provide notice and instructions to technical representatives. You have to formally notify the requiring activity's personnel and also others who will help you administer the contract of their specific roles, responsibilities, and limits of authority. • STEP 9: Provide formal notice to the contractor. The last step in contract administration planning is to notify the contractor as to who will represent the Government in various ways, and what their respective duties will be. 	



LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	We will examine what's involved in performing each of these steps in this lesson. If you know how to prepare a good plan, you will be on your way to becoming a good contract administrator. (<i>Proceed to next topic.</i>)	

TOPIC 1.2: READ CHAPTER 1**Ref.:** Chapter 1, p. 1-42**Objective:** When this assignment is complete, your students must have completed reading Chapter 1, Contract Administration Planning.**Time:** 8:45 AM (65 minutes)**Method:** Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	a. Assign: Turn to Exercise 1-1 in the Classroom Exercises. This exercise consists of 14 True-False questions on the content of Chapter 1. Read Chapter 1 at your table and answer each of these questions. Work quickly so you can complete this exercise in 45 minutes. <i>(Students will work at their seats until 9:30 AM.)</i>	
	b. Results: <i>(At 9:30 AM)</i> Let's go around the room for the answers. Score your own exercise answers. <i>(Call on students in random order to give their answer to each question in turn. Acknowledge each answer as correct or not, and give the page number(s) where the answer can be found. Discuss the topic of each question with the class. Do not read the questions aloud; they are reproduced for your information.)</i>	
	1. <i>Joanne's first assignment was to review the contract administration plan Eric developed for the Angkor Wat contract.</i> False, p. 1-7; Eric asked Joanne to review the contract file and then develop the plan herself. This was in the vignette at the beginning of the chapter. All chapters in the Text/Reference begin this way, with a brief story illustrating the application of that chapter's content. We'll follow Eric, the Contracting Officer, Joanne, the new contract specialist, and their administration of the Angkor Wat contract throughout this course.	



LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Now, what should Joanne be looking for as she reviews the contract file? <i>(Answer: for critical contract clauses and requirements; these describe what products or services are due, by when, and at what price. Note that the class will examine a contract and its clauses in the afternoon.)</i></p> <p>2. <i>A contract administrator must monitor the performance of both the contractor and the Government.</i></p> <p>True, p. 1-3; a contract is a binding obligation on both parties. Often the Government will offer something, such as access to the building where repairs are needed, and it must live up to its side of the bargain.</p>	
	<p>Can anyone think of another example of a Government obligation? <i>(Answer: payment on completion, timeliness of inspections, parts or machinery, needed information, etc.)</i></p> <p>3. <i>A contract file typically includes the results of a pre-award survey, evidence of funds availability, and the solicitation.</i></p> <p>True, p. 1-7; the checklist on page 7 of Chapter 1 lists items generally included in a contract file. Not all of these are required, so some will not be in the file.</p>	
	<p>Look at the list on page 7. Does anyone have a question about what the item is? <i>(Answer student questions.)</i></p> <p>4. <i>A criticality designation of "C" is reserved for contracts that are to receive special attention because of their importance.</i></p>	

LESSON PLAN



Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>False, p. 1-8/10; a "C" designator is for non-critical contracts. Generally, a contract administrator will give an "A" designation to contracts rated "DX" or "DO" prior to award because the product or service is urgently needed. These "DX" and "DO" contracts have legal priority over others awarded to the same contractor. This means the contractor must put aside work on an ordinary, low priority contract such as one you are administering, if that is necessary to meet the high priority requirement. A "B" designator is for work that is critical but not as urgent as indicated by an "A" designator.</p> <p>What implications does an "A" or "B" designator have if you are chosen to administer that contract? (<i>Answer: performance should be monitored closely because the need is critical.</i>)</p>	
	<p>5. <i>The contractor's past performance on dissimilar contracts should not be used to guide contract administration planning.</i></p> <p>False, p. 1-10/12; past contractor performance, even on dissimilar contracts, is a clue to how much attention you may have to give to a new contract.</p> <p>Who can give some examples of past performance problems that you should be alert to? (<i>Answer: late delivery, shoddy quality, financial problems, unfounded claims on prior contracts, etc.</i>)</p> <p>Where do you get information on a contractor's past performance? (<i>Answer: contract file, contacting other agencies/offices having experience with that contractor.</i>)</p> <p>You should be concerned if the work to be performed is complicated. How do you find this out? (<i>Answer: talk to the requiring activity.</i>)</p>	





LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
<p data-bbox="240 615 323 695">?</p>	<p data-bbox="360 317 1024 386">6. <i>The level of risk on the part of the contractor also represents a risk to the Government.</i></p> <p data-bbox="397 428 1114 573">True, p. 1-15/16; the Government contracted for the products or services because they are needed, and that need will not be satisfied if the contractor cannot meet its obligations.</p> <p data-bbox="397 615 1114 978">You want to minimize the Government's risk. Suppose a contract has been let to restore the roof on a Government office building blown off by a tornado. Because of the need, you will want to monitor the contractor's performance closely, both for quality and timeliness. What can you look at to verify satisfactory progress is being made? (<i>Answer: contractor progress reports, Government inspection reports, site visits to verify materials and workforce, progress along an interim activity schedule, etc.</i>)</p> <p data-bbox="360 1020 1097 1125">7. <i>The Government's monitoring and inspection activities are most intensive at the very beginning of a fixed-price contract.</i></p> <p data-bbox="397 1167 1114 1312">False, p. 1-16/17; the intensity of monitoring depends on the contract, the contractor, the nature of the work, the degree of criticality, and the resources you have available.</p> <p data-bbox="240 1354 323 1434">?</p> <p data-bbox="397 1354 1097 1499">Can you give me an example of when close monitoring is NOT required? (<i>Answer: when contractor's inspection system is satisfactory, for a non-critical contract, etc.</i>)</p> <p data-bbox="360 1541 1016 1610">8. <i>The functions usually performed during contract administration are defined by FAR 42.302(a).</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>True, p. 1-19; the FAR includes a long list of functions concerned with contract administration. FAR means the Federal Acquisition Regulations, the regulations that govern all Federal procurement and contract administration policies and procedures. FAR citations appear throughout the Text/Reference for this course. Copies of the complete FAR are in every contracting office. You should always check the FAR if you have any doubt about what you can or should do.</p>	
	<p>In some agencies, all procurement and administrative functions are handled by Contracting Officers (COs). In other agencies, that work is divided among PCOs, ACOs, and sometimes TCOs. What are the differences in responsibility for PCOs, ACOs, and TCOs? (Answer: <i>up to and including award, following award, and after termination.</i>)</p> <p>What is the role of a COR or COTR? (Answer: <i>responsible for duties delegated by the CO, usually involving monitoring technical aspects of performance.</i>)</p>	
	<p>9. <i>Once a contract is awarded, all decisions about that contract become the responsibility of the COR/COTR.</i></p> <p>False, p. 1-18/28; the COR/COTR can only perform functions delegated by the CO, and not all functions can be delegated.</p>	
	<p>The CO can delegate functions to other Government personnel as well. Who can give an example of one of these other personnel and a function that might be delegated to them? (Answer: <i>such as inspector for determining acceptance, legal counsel for ruling on contract issue.</i>)</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>10. <i>After it is prepared, a contract administration plan cannot be changed without amending or modifying the contract.</i></p> <p>False, p. 1-29; your contract administration plan is not part of the contract and it should be adjusted as you go along to respond to contract developments.</p> <p>Who participates in the development of a contract administration plan? (<i>Answer: usually, the contract specialist assigned to the contract with assistance from the COR/COTR, the requiring activity, and other contract administration team members.</i>)</p>	
	<p>11. <i>The specific criteria to be used for inspection and acceptance are limited to those contained in the contract.</i></p> <p>True, p. 1-32/33; you cannot impose criteria or standards that are not described in the contract.</p> <p>Suppose the contract states that four coats of paint shall be applied to the articles being produce. How would you establish whether this standard is met? (<i>Answer: you ordinarily would not want to damage the items, but someone could scratch and examine a sample of items or someone could periodically observe paint being applied at the factory.</i>)</p>	
	<p>12. <i>At a minimum, a contract administration plan identifies what activities must be performed, when, and by whom.</i></p> <p>True, p. 1-34; but the plan also should have additional information.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>What additional information should be included in a contract administration plan? (<i>Answer: see Exhibit 1-11 on Text/Reference page 1-35.</i>)</p> <p>13. <i>When a contract administration team member is designated, limitations on delegated responsibilities must be identified.</i></p> <p>True, p. 1-36/39; this applies to all team members who are delegated responsibilities by the Contracting Officer.</p>	
	<p>What are some responsibilities that cannot be delegated? (<i>Answer: see Exhibit 1-7 on Text/Reference page 1-28.</i>)</p> <p>14. <i>The COR/COTR is responsible for notifying the contractor of persons delegated responsibility for administering the contract.</i></p> <p>False, p. 1-40/41; the notice to the contractor should be signed by the Contracting Officer.</p>	
	<p>Why is it important to inform the contractor of limits on the authority delegated to someone else by the Contracting Officer? (<i>Answer: so the contractor knows where to go for decisions; so the Government is at least partially protected if the contractor follows directions given by someone not authorized.</i>)</p>	
	<p>c. Question: Any questions? You should have gotten them all correct. If you didn't, you will have to read the text assignments more carefully as we move through the course. (<i>Answer student questions.</i>)</p> <p>d. Explain: Planning how to administer a new contract is very important if you are going to avoid problems later on. Generally, the contract specialist assigned to the contract has the lead role, but the participation of other Government personnel very often is essential.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Often, there will be a contract administration team that includes the contract specialist, the Contracting Officer and the COR, and also quality assurance specialists, inspectors, requiring activity representatives, legal counsel, auditors, and so forth. All these roles can be vital to developing an effective contract administration plan.</p>	
	<p>e. Question: Are there any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 1.3: CONTRACT ADMINISTRATION PLAN EXERCISE

Ref.: Chapter 1, p. 5-42


Objective: When they have finished this exercise, your students must be able to:


- Identify defects in a contract administration plan.
- Correct the defects they have identified.


Time: 9:50 AM (60 minutes including 20 minutes Break)

Method: Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Assign: Now turn to Exercise 1-2 in your Classroom Exercise book. This exercise introduces one of the two contracts we'll be working on this week. This is the contract awarded to Flowers in Our Neighborhood, Incorporated, or "FONI." Norma Jackson is a new contract specialist, and this is her first assignment. We'll be helping her perform her duties.</p> <p>At the beginning of the exercise there is a description of the FONI contract together with notes on the contractor. Then there is a sample contract administration plan. This sample plan has a number of defects. Find as many defects as you can, and correct them. Refer back to Exhibit 1-11 in Chapter 1 to help you.</p> <p>Also, the directions for the exercise ask you to review the six steps Norma should have followed when preparing her plan. For each step, describe what Norma might have done to improve her performance. Use the information in the chapter to help you. You will have about 25 minutes to find defects, correct them, and list the steps with your recommendations to Norma.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	b. Announce: <i>(After 5 minutes.)</i> We'll take our 20-minute Break while you work on the exercise. Take your Break when you want, but be sure to finish your assignment. We'll start again at 10:40.	
BREAK TIME: 9:55 AM (20 MINUTES)		
	<p>c. Results: <i>(At 10:40 AM)</i> Let's go over the exercise together. What defects in the plan have you found and fixed? <i>(Continue asking for defects/corrections until the following are mentioned.)</i></p> <ul style="list-style-type: none"> • SECTION 1: The criticality designator is incorrect. This contract is not critical to the Government or urgently needed to maintain production. It should have a "C" designation. • SECTION 7: The third date is wrong. It should be July 14, not August 14. Even little mistakes like this can cause major problems later on. • SECTION 8: Norma Jackson should have included performance monitoring among her responsibilities, or assigned them to George Lincoln, or have both of them responsible for portions. Performance monitoring always should be considered in a contract administration plan. • SECTION 10: Formal notice to the contractor of Mr. Lincoln's role should have been included as an action requirement. April 10 would be a good date to choose for sending the designation notice. 	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>Did anyone find other errors or omissions in the plan? (Discuss any suggestions from students. Unless incorrect, treat each one as valuable or helpful to the plan, but not essential.)</p>	
	<p>d. Results: Now let's see what you said about Norma's preparation for the writing of the plan. Who would like to begin with Step 1? (Call on students to identify each step in turn and to comment on what Norma did. Some possible answers are listed below.)</p> <p>STEP 1. Identify Clauses and Requirements.</p> <ul style="list-style-type: none"> (Norma did not have access to the contract file. However, she should have tried to get a copy of the contract document or the Request for Proposals to make sure she was aware of any important contract clauses or provisions.) (Norma should have described the performance requirements listed in item 2 in Peter's notes more thoroughly in her plan to make sure none are overlooked later.) <p>STEP 2. Determine Criticality.</p> <ul style="list-style-type: none"> (Norma did include the criticality designator in her plan, but identified it as "A" instead of "C". If the designator was "A", she should have included something about it under Section 9: Potential Problem Areas.) <p>STEP 3. Identify Previous Issues and Problems.</p> <ul style="list-style-type: none"> Norma did reflect Peter's concerns in her plan by noting the contractor's lack of prior Government experience and its history of delivery delays. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> <i>Norma also should have contacted Mr. Lincoln to get his views on the requirements and make sure she understands them.</i> <p>STEP 4. Meet with Requiring Activity.</p> <ul style="list-style-type: none"> <i>Norma did not contact Mr. Lincoln to identify his priorities and any problems he anticipated.</i> <p>STEP 5. Determine Extent of Performance Monitoring.</p> <ul style="list-style-type: none"> <i>Except for the fertilizer issue, Norma did not consider when the contractor's work would be inspected or what standards would be used.</i> <i>Norma could have been more thorough in identifying useful monitoring opportunities; for example, she could have identified a milestone date for when the contractor should have obtained the plants from a nursery.</i> <p>STEP 6. Delegate Contract Administration Functions.</p> <ul style="list-style-type: none"> <i>Norma identified Mr. Lincoln in her plan as responsible for inspection/acceptance, but did not indicate if he had other responsibilities.</i> 	
	<p>e. Question: We will have some more practice with contract administration plans this afternoon. Are there any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 1.4: CONTRACT FILE REVIEW

Ref.: Chapter 1, p. 5-8

Objective: When your students have finished this assignment, they must be able to:

- Recognize key portions of a contract administration file.
- Answer questions based on the content of a sample contract administration file.


Time: 10:50 AM (70 minutes plus 60 minutes Lunch)

Method: Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: A contract administration plan begins with the contract. At the back of your Classroom Exercise book there are selected portions of a real contract file. We have changed only the names and some other identifying information to be fair to the actual people.</p> <p>b. Explain: Look at the checklist at the beginning of the file. Each agency has its own way of assembling a contract file and listing its contents. Some use a preprinted checklist, others use a cover sheet like this one.</p> <p>Contract files typically contain several different documents. They are organized in sections, or "tabs". Almost always, documents are filed chronologically from the back of the file; the oldest documents are on the bottom.</p> <p>Most often, a contract specialist works with the original set of documents. Sometimes, however, copies of the most needed documents are made and the rest are kept in a master file. As you can see from the cover sheet, this is a "desk" or working copy and not all documents are included.</p>	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>c. Explain: Just like the FONI contract, we will be working with this case, the Profitable contract, for the rest of the week to learn about Government contract administration.</p> <p>Look at the file while I tell you a little about what is in each section. The first page, the cover sheet, lists each item in the file. As you will see, the file is sequenced from back to front in chronological order. Let's begin with Section 1 at the very back.</p> <ul style="list-style-type: none"> SECTION 1 is the Requisition from the requiring activity. It contains the accounting information in block 9 needed to establish the availability of funds. The amount in column 18 is the requiring activity's estimate of the cost of the contract for the first 12 months. SECTIONS 2-8 contain the solicitation and several other pre-award documents. These are in the Master File but not in this working copy. You would look in the Master File if you needed to see one of these documents. SECTION 9 has a letter from the procuring contract specialist, Robert Jones, requesting verification of the bid amount, and Profitable's reply. Profitable's bid for the base year was about 20 percent lower than the Government's estimate. The Government wants to make sure Profitable will be able to perform the work at this price. SECTION 10 contains a price analysis of the bids received and an analysis of the costs of similar contracts previously awarded. Profitable is the lowest bidder among those considered qualified for an award. Its price is in the range of past awards and so is its number of productive hours relative to the Government's estimate. 	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<ul style="list-style-type: none"> SECTION 11 includes a reference check report on three of Profitable's current Government contracts, all satisfactory, and a report on Profitable's ability to perform the contract. SECTION 14 is a copy of the contract itself, except for Attachments 2A and 2E that specify the quality standards that apply to the contractor's performance. Look at block 11 of the cover page, "Table of Contents." It lists the standard sections contained in a Government contract. <p>-- Section A is the cover sheet, signed by the offerer when the bid is submitted and by the Government when the contract is awarded.</p> <p>-- Section B is the offer's bid sheet.</p> <p>-- Section C in a contract is the statement of work, what the contractor has agreed to do.</p> <p>-- Section D describes requirements for packing and marking shipments; in this contract the only shipments to the Government are reports.</p> <p>-- Section E specifies how the contractor's work will be inspected and what will determine acceptance.</p> <p>-- Section F contains clauses indicating where contract performance will take place and the duration of performance.</p> <p>-- Section G deals with administrative information, primarily how payments will be made and how they will be calculated.</p> <p>-- Section H describes any special requirements that apply to the contract.</p>	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>-- Section I lists the FAR clauses that apply to this contract. Many clauses, in this case those in the "52" series, are standard, Government-wide clauses. Other clauses, in this case those beginning with "552," are agency-specific.</p> <p>-- Section J includes the exhibits and attachments to the contract, beginning with a list of them.</p> <p>-- Finally, Sections K, L, and M are parts of the solicitation that no longer apply after the contract is awarded.</p> <ul style="list-style-type: none"> SECTION 15 of the contract file, in front of the contract, contains two of the attachments listed in Section J of the contract. These describe the performance requirements and quality standards that the contractor must meet. <p>You will have about an hour to read each section of this file. As you read this file, answer the questions in Exercise 1-3. The questions will help focus your attention on what the contract says. You also should make notes for yourself on what this contract is all about.</p>	
	<p>d. Question: Are there any questions about this assignment? (<i>Answer student questions.</i>) Remember to write your answers for Exercise 1-3 as you go along. We'll work for about a half hour, and then I'll announce Lunch. Come back promptly from lunch so you will be able to finish this assignment by 12:45 PM.</p> <p>e. Announce: (<i>At 11:30 AM</i>) We'll take an hour for Lunch. Make sure you're back in time to finish the exercise by 12:45 PM.</p>	
<p style="text-align: center;">LUNCH TIME: 11:30 AM (60 MINUTES)</p>		

LESSON PLAN

Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>f. Results: <i>(At 12:45 PM)</i> That was a lot to read. But it is important to read and understand the entire contents of a contract file before you try to develop a contract administration plan.</p> <p>Who will volunteer to answer the first question? <i>(Call on students to answer each question. Call on another student if answer is incorrect.)</i></p>	
<p style="text-align: center;">EXERCISE 1-3</p> <p>Section 1. Requisition</p> <p>1a. Date the Requisition was prepared?</p> <p style="padding-left: 40px;"><i>A: August 13, 1992 (Sect. 1, p. 1)</i></p> <p>1b. What building tenant wants additional service hours for its own use?</p> <p style="padding-left: 40px;"><i>A: Bureau of the Census (Sect. 1, p. 1)</i></p> <p>Sections 2 through 8 are in the Master File only, and not reproduced for this Desk Copy.</p> <p>Section 9. Bid Verification Correspondence</p> <p>9a. What was Profitable's bid amount, per month, for the base year of the contract?</p> <p style="padding-left: 40px;"><i>A: \$31,311 (Sect. 9, p. 1)</i></p> <p>9b. Why was confirmation of Profitable's bid price requested?</p> <p style="padding-left: 40px;"><i>A: lower than Government estimate (Sect. 9, p. 2)</i></p>		

Section 10. Price Analysis

- 10a. Why was Bidder B's offer not chosen for award?
A: financially not responsible (Sect. 10, p. 2)
- 10b. What was Profitable's bid amount, per year, when calculated per square foot?
A: \$0.63 (Sect. 10, p. 1)

Sections 11, 12 and 13 are in the Master File only, and not reproduced for this Desk Copy.

- 11a. Based on dollar amount, would Profitable be undertaking a larger contract for the FCA than it ever has before?
A: No, the NPS contract is larger. (Sect. 11, p. 2)
- 11b. What FAR clause allows the Government to consider Integrity and Business Ethics when making an award?
A: FAR 9.104-1(d) (Sect. 11, p. 1)

Section 14. Contract Document. Parts "K" (Representations and Certifications), "L" (Instructions to Offerers), and "M" (Evaluation Factors) are in the Master File only and are not included in this Desk Copy.

- 14a. Will the Government or the contractor provide the supplies needed for janitorial services?
A: contractor (Sect. 14, para. C-5[b])
- 14b. What happens if work is not performed or performed unsatisfactorily?
A: deductions from payments (Sect. 14, para. E-2[d]/G-1/G-4)
- 14c. What is the lowest hourly wage that can be paid to contractor personnel performing janitorial services?
A: \$5.19 (Sect. 14, J-Exhibit 5)
- 14d. Where are the specific requirements and quality standards for janitorial services described?
A: Exhibit 2-A, pp. J-5 through J-37
- 14e. By how much will the contract be reduced if one of the five passenger

elevators is out of service for 12 working days?

A: zero (Sect. 14, para. G-5: under 5,000 feet, less than 30 days)

14f. Who has been designated as the Contracting Officer's Representative for this contract?

A: Mr. Carl Customs (Sect. 14, para. E-1[b])

14g. What requirement must the contractor meet before assigning supervisory personnel under the contract?

A: submit resumes (Sect. 14, para. C-5)

14h. What is the FAR clause that describes how changes in pricing will be made due to changes in minimum wage rates?

A: FAR 522.222-43 (Sect. 14, para. B-2)

Section 15. Contract Exhibits 2A and 2E

15a. How frequently are stairways to be swept and dusted?

A: three times weekly (Sect. 15, p. III-J 20)


15b. What is the contractor supposed to do with solid waste collected during cleaning?

A: remove to trash storage area (Sect. 15, p. III-J 8/35)



g. **Question:** Does anyone have any questions about this contract or the contents of the file? *(Answer student questions. Be brief and avoid discussing other than contract administration issues. Then proceed.)*

TOPIC 1.5: CONTRACT ADMINISTRATION PLAN**Ref.:** Chapter 1, p. 5-42**Objective:** When your students have completed this exercise, they must be able to prepare a contract administration plan based on a contract file.**Time:** 1:00 PM (60 minutes)**Method:** Lecturette/Seatwork/Small Group Exercise

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
 1-2	<p>a. Prepare: Now that you have become familiar with the Profitable contract, your next step as the contract administrator is to prepare a contract administration plan. Before beginning, though, let's take a minute to go over the information usually covered by a contract administration plan.</p>	
	<p>b. Show: (<i>Vugraph 1-2: Contract Administration Plan Outline.</i>)</p> <p>You can follow along with the outline on the screen, or with the outline on pages 2 and 3 in Exercise 1-4.</p>	




CONTRACT ADMINISTRATION OUTLINE


1. Contract
2. Contractor
3. Files
4. Scope of Work
5. Place of Performance
6. Reporting Requirements
7. Contractor Milestones
8. C.O. Representatives
9. Potential Problem Areas
10. Actions Required

1-2



LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>c. Explain: Remember that every contract administration plan will be different---no two will be the same because every contract is different</p> <ul style="list-style-type: none"> • in the work to be performed • in the price for the work • in the schedule of performance • in the FAR clauses that apply • in the likelihood the contractor will perform correctly. <p>Also, different agencies use different formats for a contract administration plan. There is no Government-wide requirement to have a contract administration plan, but even if you are not required to develop one, it's a very useful tool.</p> <p>Let's go through this outline section by section.</p> <p>d. Explain: The CONTRACT section identifies the contract and gives basic information about it such as the contract number and title, the criticality designator, the amount and type of award, and the date of award.</p> <p>e. Explain: The CONTRACTOR section provides the name and address of the contractor, the person to be contacted, and that person's phone number. You may need several names and addresses---one to contact for administrative information, another for technical information, and so forth.</p> <p>f. Explain: The FILES Section indicates where the files on this contract are located. There may be separate locations for files relating to the procurement and those concerned with performance.</p> <p>g. Explain: The SCOPE section summarizes what the contractor is to do, such as deliver so many widgets, provide editorial services, or repair a building's elevators.</p>	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>h. Explain: The PLACE section says where the work is to be performed or inspected. In many contracts, the place of performance is the contractor's own facility.</p> <p>i. Explain: The REPORTING REQUIREMENTS section should list what reports the contractor is to submit, their frequency, and when they are due. For example, the contractor may be required to furnish a labor-hours report each month and a summary labor-hours report at the end of each contract year. If reports are required, note where they are to be sent.</p> <p>j. Explain: The MILESTONES section specifies the timetable for the delivery of products or services. For deliveries that continue over a period of time, you might indicate 100 widgets per month beginning in September, or snow removal within 24 hours of the end of a snowfall totalling one inch or more.</p> <p>k. Explain: The C.O. REPRESENTATIVES section is very important. This section should indicate who is involved in administering the contract on behalf of the Government, and what their responsibilities are. All Government obligations under the contract should be identified and each should be assigned to someone.</p> <p>l. Explain: The POTENTIAL PROBLEMS section is where your knowledge and experience count. Here, you should list anything you believe may interfere with the contractor's ability to perform or may be the reason for a dispute.</p> <p>m. Explain: Last, the ACTIONS REQUIRED section lists the steps the contract administrator must take to make sure the work begins smoothly and all potential problems will be recognized before they have serious consequences.</p>	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	n. Question: Are there any questions about the contents of a contract administration plan? (<i>Answer student questions.</i>)	
	o. Assign: Your next assignment is to prepare a contract administration plan for the Profitable contract. Use the outline in Exercise 1-4. The information in Chapter 1 of your Text/Reference and the sample plan in Exercise 1-2 may be of help to you.	
	<p>Just so everyone will be consistent, we all should use the same dates (<i>Write dates and Terry O'Day's name on flipchart or chalkboard.</i>)</p> <ul style="list-style-type: none"> the contract was awarded on 12/29/92, December 29th; the beginning date for this contract is 02/01/93, February 1st; normally, you would be preparing the contract administration plan shortly after the award---so assume today's date is 01/04/93, January 9th, four days after the award; also, the contract administrator is not identified in the contract file; that person is Terry O'Day. <p>I want you to work on the administration plan in small groups. I will assign each of you to a group. Your group will have about 50 minutes to prepare the best contract administration plan it can. The members in each group will decide what should go into the group's plan. Try to include all of the information you would need to administer this contract, but also try to keep the plan simple---a plan that is too detailed or too complex will not be very useful.</p> <p>Use (flipchart/scratch paper) to outline and summarize your group plan. Don't try to write out every word---just summarize. Any questions about this assignment? (<i>Answer questions about the assignment.</i>)</p>	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p><i>(Assign students to groups based on where they are seated, asking students to move to a different table if necessary to balance group sizes. Form groups of no less than 4 and no more than 6 students each. Do not designate a leader.)</i></p> <p>p. Announce: <i>(At 2:00 PM)</i> We'll take our Break before we begin looking at the plans. Return promptly at 2:20.</p>	
<p style="text-align: center;">BREAK TIME: 2:00 PM (20 MINUTES)</p>		

TOPIC 1.6: ADMINISTRATION PLAN RESULTS**Ref:** Chapter 1, p. 5-42**Objective:** When your students have completed their group work, each group must have an agreed upon contract administration plan.**Time:** 2:20 PM (30 minutes)**Method:** Discussion

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>a. Announce: (<i>At 2:20 PM</i>) I hope every group has finished outlining a plan. Now we will go from group to group. I'll choose a group to tell us what its plan contains under each heading.</p>	
 1-2	<p>b. Show: (<i>Vugraph 1-2: Contract Administration Plan Outline</i>) As we go through the answers, make notes in the outline in Exercise 1-4 so you have your own copy of the plan.</p>	
	<p>(<i>Call on each group, in turn, to present the content of its plan for one heading in the outline. After each presentation, ask for additions from the other groups. Discuss any points that seem unclear. As necessary, remind the students that a plan should be complete, but simple. Add any details from the following plan that are not raised by the class.</i>)</p> <p>(<i>During the discussion, make the point that there is no set formula for a contract administration plan---its contents should reflect what works best for the person who will administer the contract.</i>)</p>	
CONTRACT ADMINISTRATION PLAN		
1. CONTRACT: FCA88-92-C-2121 Janitorial and Related Services at Federal Office Building No. 3 <i>(Contract Sections A, B)</i>		

Criticality Designator: C
Contract Amount: \$375,732 (base year);
total of \$2,076,132 for all 5 years
Contract Type: Fixed Price
Date of Award: December 29, 1992
(Contract Section A)

2. CONTRACTOR:

Profitable Building Services, Inc.
9191 Crosstown Boulevard
Capital City, DR 11811
Mr. John Mahoney
General Manager
(101) 595-0202
(Contract Section A)

3. FILES:

Federal Contracting Administration
1000 First Street
Capital City, DR 11777
(Contract Section A)

4. SCOPE OF WORK:

Provide all management, supervision, labor, materials, supplies, and equipment (except as specified), and plan, schedule, coordinate, and assure effective performance of janitorial and related services at Federal Office Bldg. No. 3, Capital City, DR.
(Contract Section B)

5. PLACE OF PERFORMANCE

Federal Office Bldg. No. 3
2900 Lost Lane
Capital City, DR 11777
(Contract Section B)

6. REPORTING REQUIREMENTS:

- a. Annual Daily/Periodic Cleaning Schedule submitted 5 work days prior to start date and then annually. *(Contract Section C-7A)*
- b. Daily Work Report (GSA Form 64 or equivalent), submitted daily to the COR. *(Contract Section C-7B)*
- c. Quality Control Program, submitted 5 work days prior to start date. *(Contract Section C-8)*
- d. Resumes of initial and replacement supervisors. *(Contract Section C-6A)*

7. CONTRACTOR MILESTONES:

- a. January 25, 1993: Annual Cleaning Schedule due 5 work days prior to base year start date (February 1). (C-7A)
- b. January 25, 1994 - 1997: Annual Cleaning Schedule due 5 work days prior to each option year start date. (C-7A)
- c. January 25, 1993: Quality Control Program due 5 work days prior to base year start date. (C-8)

8. C. O. REPRESENTATIVES:

- Contract Administrator: Terry O'Day
Federal Contracting Administration
Responsible for communicating with the contractor, approval of invoices.
- COR: Carl Customs
Building Manager, FB #3
Responsible for determining adequacy of performance, representing the Government in directing work, ensuring compliance of work with requirements, advising the CO/CA of factors that could cause a delay in performance.
- QCS: (subordinate to the COR, usually called a QAS)
Responsible for day-to-day inspection and monitoring, documenting inspections, following through on deficiencies.

(Contract Section E)

9. POTENTIAL PROBLEM AREAS:


- a. All supplies, materials, and equipment used by the contractor must conform to specifications and must, on request, be identified (*p. C-3/4*); possible problems could be avoided by requesting a listing prior to the start date and prior to any substitutions.
- b. Space for locker rooms for contractor personnel, for storage of equipment and supplies, and for use as the contractor's on-site office is to be Government furnished (*C-2/3*); this space should be identified and inspected prior to the start date.
- c. The COR will determine when the contractor's personnel will be diverted for snow removal or emergency condition (*C-6*); when given, these instructions should be in writing to avoid disputes over deductions.

- d. The contractor is to have the opportunity to reperform deficient services and ensure future services before deductions are taken (*E-2*); however, no time limit for remedial action is specified.


10. ACTION REQUIREMENTS:

- a. Write delegation letter to COR, including responsibilities of QCSs, by January 8, 1993.
- b. Meet with COR regarding issues (a), (b), (c), and (d), by January 12, 1993.
- c. Hold postaward conference with contractor and COR, by January 15, 1993.

LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Explain: These Action Requirements are ones that have to be done at the very beginning of the contract. As we go through the course, we'll come to additional areas that should be covered in this part of your plan. These areas include:</p> <ul style="list-style-type: none"> • how you intend to monitor the contractor's performance to make sure things are going smoothly • how you intend to monitor whether all of the Government's obligations under the contract are being met • how you intend to respond to late deliveries or to inspection reports that indicate deficiencies • when you must initiate the exercise of an option, like the options in the Profitable contract. 	
	<p>d. Question: Does anyone have any questions about contract administration planning? (<i>Answer student questions.</i>)</p>	

TOPIC 1.7: RECAP OF CONTRACT ADMINISTRATION PLANNING**Ref.:** Chapter 1, p. 1-42**Objective:** When this segment is completed, your students must be able to describe all of the steps in contract administration planning.**Time:** 2:50 PM (40 minutes)**Method:** Discussion/Seatwork


LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
 1-1	a. Resume: You should prepare a contract administration plan like this one to help you administer each contract. You may be responsible for administering 20 or more contracts at the same time. Your plan should help you schedule what you have to do and make it easier for you to avoid problems.	
	b. Show: (<i>Vugraph 1-1: Contract Administration Planning Flowchart.</i>) c. Review: (<i>Briefly review each step in the flowchart.</i>) <ul style="list-style-type: none"> In Step 1, you identify applicable clauses and requirements. You should review the entire contract file. You need to understand the contractor's capability, all of the requirements to be met, and the provisions that apply to this award. In Steps 2 through 5, you determine the extent of performance monitoring that will be needed. <p>In Step 2, you assign a criticality designator. Contracts with "A" or "B" designations must be given priority, and are reasons for an excusable delay if work on other contracts falls behind.</p>	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>In Step 3, you must identify potential problem areas. This is difficult at first, but your skill in identifying potential problems for that contractor or for contracts with similar requirements will get better with experience.</p> <p>In Step 4, you will establish performance monitoring requirements. We will look more closely at what monitoring requires later in this course. In general, however, monitoring looks at whether the contract's schedule and inspection standards are being met.</p> <p>Then, in Step 5, you determine the extent of performance monitoring. You will have to decide how closely and how frequently the contractor's performance should be monitored to reduce the risk to both the Government and the contractor.</p> <ul style="list-style-type: none"> • Next, in Step 6, you will select contract administration functions to delegate. You will have to specify who approves the contractor's work and who represents the Government on technical issues. • Step 7 involves preparing the contract administration plan. You've had practice doing that now, using the information from the earlier steps represented in the flowchart. <p>d. Assign: There are two remaining steps:</p> <ul style="list-style-type: none"> • Inform participating Government representatives, and • Provide formal notice to the contractor of the COR. 	

LESSON PLAN

Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>Most agencies have a general format for these two documents. Look at the memo to the COR on the Profitable contract, and the COR letter to the contractor in Exercise 1-5. After you take a few minutes to read these documents, I want you to do two things.</p> <ul style="list-style-type: none"> • First, each document has a couple of blank spaces in it. I want you to fill in each blank with what should go there. Use Exhibit 1-13 in Chapter 1 of the Text/Reference to help you complete the letter to the COR. Exhibit 1-15, a model letter to the contractor, is missing from your Text/Reference. But you should be able to figure out what's left out of the letter to Mr. Mahoney from Exhibit 1-14. Write your answers where the blanks are. • The second thing I want you to do is to insert these documents in the Profitable contract file. Write the document titles on the checklist at the beginning of the contract file. Write "Delegation memo to COR" on line 16 and "COR notice to contractor" on line 17. Then move these two documents to the contract file. <p>e. Results: <i>(After 10 minutes.)</i> Let's look at the letter to the COR first. Who can tell me what should go in the first blank? <i>(Call on a student to answer. An appropriate answer is:</i></p> <ul style="list-style-type: none"> • <i>In fulfilling these responsibilities, you must not <u>authorize any changes that will affect the cost or duration of the contract.</u></i>) <p>You must provide clear instructions to the COR and any other individuals participating in administering the contract as to their roles, responsibilities, and limits of authority.</p> <p>How about the second blank? <i>(Call on a student to answer. An appropriate answer is:</i></p>	

LESSON PLAN

Ref.	Steps in Presenting The Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>Approving the selection of <u>supplies, materials, and equipment furnished by the contractor in accordance with paragraph 5[A] in the contract.</u></i> <p>Your letter should indicate each of the COR's areas of responsibility specified in the contract.</p> <p>Now tell me what should go in the first blank in the letter to the contractor. <i>(Call on a student to answer. An appropriate answer is:</i></p> <ul style="list-style-type: none"> • <i>This officially notifies you that Mr. Carl Customs, Building Manager, Federal Office Building No. 3, will <u>serve as the Contracting Officer's Representative with respect to Contract No. FCA88-92-C-2121.</u></i> <p>You have to indicate the person's role and the contract number.</p> <p>What about the second blank? <i>(Call on a student to answer. An appropriate answer is:</i></p> <ul style="list-style-type: none"> • <i>You are encouraged to contact me directly should <u>a dispute arise that cannot be resolved with Mr. Customs,</u> or should other events occur that will impact on your ability to meet your obligations under the contract.)</i> <p>You have to make it clear that the contractor is responsible for notifying you if any problems arise.</p> <p>f. Question: Any questions on this exercise? <i>(Answer student questions.)</i> Any questions about contract administrative planning? <i>(Answer student questions.)</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<p>g. Announce: We have finished our work for today. Please read Chapters 2 and 4 in your Text/Reference before class begins tomorrow. Chapter 3, on ordering against existing contracts and agreements, will not be covered in depth in this course. There will be no exam questions on Chapter 3. Any questions about your assignment? (<i>Answer student questions, then dismiss the class.</i>)</p>	
END DAY ONE		
TIME: 3:30 PM		

DAY TWO

TOPIC 2.1: INTRODUCTION TO LESSON 2




Ref.: Chapter 2, p. 1-29

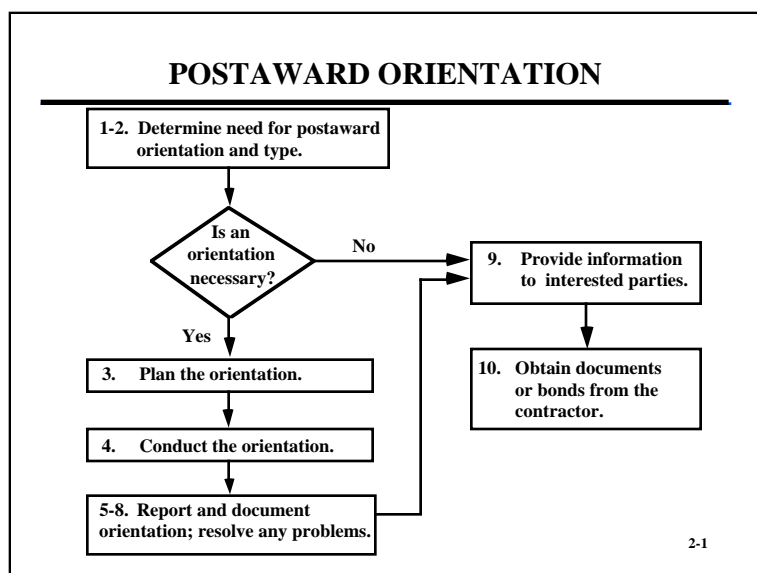
Objective: When you have finished this introduction, your students must be able to:

- State the purpose of a postaward orientation.
- Indicate when a postaward orientation should be planned.
- Identify alternatives to a formal postaward orientation.

Time: 8:00 AM (20 minutes)

Method: Lecturette

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
 	<p>a. Question: As part of your homework assignment, you read Chapter 2 in your Text/Reference, on postaward orientations. Do we always need one? Why would we want to have a postaward orientation? (<i>Ask for answers. List possible reasons on chalkboard or flipchart. Some possible answers are:</i></p> <ul style="list-style-type: none"> • <i>to see if the contractor has any questions or is uncertain about some requirement or provision</i> • <i>to introduce the contractor to the COR</i> • <i>to discuss potential problem areas with the contractor so they can be resolved</i> • <i>to explain aspects of contractor performance that will be monitored closely based on that contractor's past performance.</i> <p><i>Add any of these not mentioned to the list on the chalkboard/flipchart.)</i></p> <p>b. Explain: Whether you need to hold a postaward orientation, the form of this orientation, and the topics you should cover will depend on the terms of the contract and the experience of the contractor.</p> <p>c. Show: (<i>Vugraph 2-1: Postaward Orientation Flowchart. Identify each step in the flowchart.</i>)</p>	
 2-1		





d. **Explain:** Here are the steps in planning and conducting a postaward orientation.

- **STEPS 1 and 2:** Determine the need for a postaward orientation and, if one is needed, the type of orientation. The need for an orientation depends on the complexity of the contract, the difficulty of work requirements, the experience of the contractor, and the degree of risk involved to the contractor and to the Government. Not all contract awards require a postaward orientation. If you decide an orientation is not necessary, however, you still may have to provide information to the contractor.


If you do need a postaward orientation, you must decide what type it will be. You can conduct a postaward orientation by mail, by telephone, or by a formal, face-to-face meeting. A meeting may be appropriate when significant issues must be resolved, when the contractor's ability to perform is questionable, or when the contractor is not familiar with Government contract provisions.

LESSON PLAN		
Ref.	Steps in Presenting The Topic	Instructor Notes
	<ul style="list-style-type: none"> • STEP 3: Plan the orientation. You need to decide what issues to raise and establish the Government's position on these issues. If a face-to-face conference is planned, you need to prepare an agenda, organize and brief Government personnel who will participate, and obtain the contractor's response to the agenda. • STEP 4: Conduct the orientation. A postaward orientation should be cordial, but formal. Always describe the purpose of the orientation. Cover each agenda item. Secure the contractor's express agreement on issues; if agreement cannot be resolved, narrow the dispute to the extent possible. • STEPS 5 through 8: You must follow up on every postaward orientation. Begin with the postaward orientation report. Include in it the names of participants, issues discussed, any problems that remain to be resolved, those responsible for pending actions, and by when these actions are to be accomplished. Be sure to include a copy of the report in the contract file. <p>Next, select a course of action to resolve disagreements. If some issue cannot be resolved, it is important to define the issue as clearly as possible and state both the Government's and contractor's positions. It also is important to determine an appropriate course of action, such as further meetings.</p> <p>Sometimes, if your efforts do not lead to the resolution of a problem, a contract modification may be required. A contract modification is needed to change any pricing, performance requirements, acceptance standards, schedules, or other terms in the contract. Contracting Officer approval is required for any contract modification.</p>	


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>You must document the contract file. Your postaward orientation report, even if only a telephone call was involved, and all other relevant documentation, such as letters to the contractor, should be added to the contract file.</p> <ul style="list-style-type: none"> • STEP 9: Provide information to interested parties. Some of your documentation may be of particular interest to others involved in the contract, including the requiring agency, the persons responsible for acceptance, and so forth. You want to keep them informed. • STEP 10: Obtain any necessary documents or bonds. Some contracts require the contractor to provide a performance bond, submit proof of insurance, or provide other documentation immediately following contract award. You are responsible for obtaining these documents or bonds as part of your postaward responsibilities. 	
	f. Question: Each of these steps was described in Chapter 2. Do you have any questions about these steps? <i>(Answer student questions, but do not encourage discussion. Focus on the procedures.)</i>	
	<p>g. Question: Let's look again at the need for an orientation. We listed some reasons for having an orientation at the beginning of this lesson (<i>point to list on chalkboard/flipchart</i>). Look back at Exercise 1-2. FONI has been awarded the contract to plant geraniums at the Franklin Federal Building.</p> <ul style="list-style-type: none"> • Work must begin rapidly to meet the contract schedule. Should that affect Norma's decision? <i>(Call on students to give opinions.)</i> • If the contractor does not perform adequately, there won't be much real harm to the Government. Should this affect Norma's decision? <i>(Call on students to give opinions.)</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Norma decided on a conference rather than conducting the orientation by telephone or mail. Was Norma correct? (<i>Call on students to give opinions.</i>) <p>h. Explain: It's not always this easy to decide whether to have a postaward orientation and the type of orientation. Sometimes, a large number of issues and many people will be involved. Generally, you want an orientation if there is room for misunderstanding and real risk to the contractor or the Government.</p> <p>i. Explain: If the problems are complex, there is always the possibility they cannot be resolved. The Government and the contractor may not be able to agree on what the contract says. This is called a dispute. Then it is necessary to change the contract by modifying it or to terminate the contract. We'll look at these situations later in the course. (<i>Proceed to the next Topic.</i>)</p>	


TOPIC 2.2: PLANNING A POSTAWARD ORIENTATION**Ref.:** Chapter 2, p. 1-29**Objective:** When the students have completed this exercise and discussion, they must be able to analyze issues that should be considered in planning a postaward orientation.**Time:** 8:20 AM (60 minutes)**Method:** Small Group Exercise/Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Assign: Turn to Exercise 2-1. Norma Jackson has finished the contract administration plan for the FONI contract, and Donald Leader has asked her to prepare to hold a postaward conference.</p> <p>Planning the conference will be one of Norma's most important responsibilities at this point in the administration of the FONI contract. Norma will follow the steps in Chapter 2 of your text. Preparing the Government's position on areas of possible disagreement is one of these. Let's see what this step involves.</p> <p>b. Assign: Begin by reading the new memos on the FONI contract. Then work in your small groups again to talk about the Sharpie Products case and decide what you would do. The issue is described in Norma's memo: does "2400 pairs of alligator clips" mean 2400 or 4800 items? Here are some clues:</p> <ul style="list-style-type: none"> • how many items are 10 pairs of candlesticks? • how many items are 10 pairs of pajamas? • how many items are 10 pairs of pliers? • how many items are 10 pairs of suspenders? <p>Try to summarize how your group interprets "2400 pairs." See if you can come up with a reason. We'll take about 5 minutes.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>(Instruct students to cluster in the groups formed earlier. Students will read the memos and then discuss the alligator clip issue. Urge the groups to begin work promptly.)</i></p> <p>c. Results: (At 8:30 AM) Let's see whether we agree or not. <i>(Ask each group for its opinion on the "pairs" problem. If there is disagreement, ask opposing groups to explain their views. If not, ask groups for their reasons. One appropriate argument is that a pair is two items when they are not connected, as a pair of candlesticks or shoes, but one item if they are connected, as a pair of pliers or suspenders.)</i></p> <p>d. Explain: The "pair" problem concerns the meaning of words in a contract. This is often the source of a misunderstanding. The FAR, the Federal Acquisition Regulations, does not provide any guidance. However, decisions on Government contract disputes have led to some well accepted rules regarding how contract terms are interpreted. We will look at these rules in Lesson 5, and come back to the "pairs" problem then.</p> <p> e. Assign: O.K., now let's work on helping Norma deal with the dirt removal and fertilizer inspection issues. We'll work in our small groups for 20 minutes and then get together again to hear each group's ideas.</p> <p>f. Results: (At 8:50 AM) Let's talk about what Norma Jackson should do.</p> <p><i>(Call on one group to present its ideas on the dirt removal problem. Then ask for other opinions, questions, or objections from other groups. Allow the presenting group to reply. As necessary, remind the students that</i></p> <ul style="list-style-type: none"> <i>the goal is to resolve problems,</i> <i>they should try to achieve the Government's position,</i> <i>and</i> 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>there is no one "correct" solution.)</i> <p><i>(On dirt issue, Norma first should determine if the contractor accepts responsibility. If not, Norma should refer to requirement 2(h) in Peter's memo in Exercise 1-2 that "contractor is to perform in workmanlike manner," which generally will mean to perform to industry standards.)</i></p> <p><i>(After 5 to 10 minutes, call on another group to present its ideas on the fertilizer inspection problem. Again ask for opinions, questions, or objections from other groups and allow the presenting group to reply.)</i></p> <p><i>(On fertilizer issue, Some inspection should be conducted. Norma could direct the COTR to witness that step, or to conduct lab tests, or to count empty bags.)</i></p> <p><i>(If time permits, call on any remaining groups to present their ideas on:</i></p> <ul style="list-style-type: none"> • <i>how Norma should prepare for the meeting</i> • <i>what Norma should expect the meeting to accomplish.</i> <p><i>Again, allow a few minutes for the group to present and then a few minutes to hear from students in other groups.)</i></p> <p>g. Question: Does anyone have a question on what we just covered? <i>(Answer student questions. Then proceed.)</i></p>	


TOPIC 2.3: POSTAWARD CONFERENCE ISSUES


Ref.: Chapter 2, p. 12-21

Objective: When the students have completed this exercise, they must be able to identify issues for a postaward conference.


Time: 9:20 AM (85 minutes including 20 minute Break)

Method: Small Group Exercise/Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: As we just saw, it is very important to get everything clear before a postaward orientation so no issues will be overlooked.</p>	
	<p>b. Assign: We are going to work in small groups again on Exercise 2-2. For this exercise we are going to identify some issues appropriate for discussion during the postaward orientation on the Profitable Building Services contract.</p> <p>For Exercise 2-2, I'm going to assign one general topic to each group. Each group will investigate that topic in the Profitable contract and decide what points should be raised during a postaward conference. Choose only those points that are likely to have an impact on contract performance. You also will want to be prepared to respond to issues or questions the contractor may raise during the conference; you should be prepared to answer questions having to do with your group's topic.</p> <p>Here are the group assignments. (<i>Assign one topic to each group, beginning with Topic A. If there are 4 groups, use topics A through D and omit topic E. If there are 5 groups, assign topics A through E.</i>)</p> <ul style="list-style-type: none"> • Topic A: The Annual Cleaning Schedule and the Quality Control Program to be prepared by the contractor. • Topic B: The supplies, materials, and equipment to be furnished by the contractor. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Topic C: The way deductions will be made for work not performed or performed improperly. • Topic D: How inspections will be performed, who will perform them, and what standards will apply. • Topic E: The qualifications and acceptability of the contractor's supervisory personnel and the contractor's staff. <p>Each group should list the points under its topic to be covered in the postaward conference and discuss them so everyone in the group understands what each point means. Note that there are five items of information your group is to address for its topic. You will have until 10:00 to complete your group's assignment. Any questions? <i>(Answer student questions. Then urge the students to begin work.)</i></p>	
	<p>c. Assist: <i>(Assist any group having difficulty getting started. Do NOT provide answers to the groups. Instead, ask leading questions to help the group members decide what should be included.)</i></p> <p>d. Announce: <i>(At 10:00 AM)</i> It's 10:00 and time for our Break. We'll begin promptly at 10:20 to hear each group's results.</p>	
BREAK TIME: 10:00 AM (20 MINUTES)		
	<p>e. Results: <i>(At 10:20 AM)</i> Let's hear what each group came up with. One person can respond for the group or the presentation can be divided among the members. When I call on your group, I want you to explain your group's topic and then provide the five items of information:</p> <ul style="list-style-type: none"> • References • Requirements • Schedule 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Issues • Clarifications. <p>We'll begin with this group. <i>(Call on groups in a random order. Allow up to 10 minutes for each group's presentation. Compare the group's response to the following information. If the group has made an error or has omitted something, call the error/omission to the group's attention.)</i></p> <p><i>(Each group should be able to identify at least two other issues that may require clarification. Any offered by the group should be consistent with the contract and potentially impact contract performance. The "Clarifications" itemized below should be introduced only if the group was unable to identify two issues on its own.)</i></p>	

CONFERENCE AGENDA OUTLINE

TOPIC A. THE ANNUAL CLEANING SCHEDULE AND QUALITY CONTROL PLAN

1. References: Contract Section C-7(A), Section C-8, and Section G-7
2. Requirements:
 - (a) Annual Cleaning Schedule, with a daily schedule indicating specific areas, day of the week, and time of day for work performed every 10 days or more frequently, and a periodic schedule indicating specific areas and dates for work performed less frequently than every 10 work days.
 - (b) Quality Control Program plan, with an inspection system that includes a checklist and name(s) of persons who will perform inspections, with a system for identifying and correcting deficiencies, and with a method for maintaining a file of all inspections conducted and remedial actions taken.
3. Schedule:
 - (a) Annual Cleaning Schedule due 5 work days prior to contract starting date, and then annually thereafter.

- (b) Quality Control Plan due 5 work days prior to the contract starting date.

4. Issues:

- (a) *What will determine whether the Annual Cleaning Schedule and Quality Control Program plan are acceptable?* Not stated in the contract except for the contents to be included.
- (b) *To whom are the Annual Cleaning Schedule and Quality Control Program plan to be delivered?* To the COR, Mr. Carl Customs, by 5 days before February 1, 1993, or by January 27, 1993.

5. Clarifications:

- (a) Annual Cleaning Schedule daily section specifies "10 days," but periodic section specifies "10 work days" (C-&[A]).
- (b) Annual Cleaning Schedule periodic section does not consider holidays or what to do if the building is closed on a scheduled work day.

TOPIC B. SUPPLIES, MATERIALS, EQUIPMENT TO BE FURNISHED BY CONTRACTOR

1. References: Contract Section C-5(B), Section J (Exhibit 3)

2. Requirements:

- (a) All supplies, materials, and equipment necessary for performance, except as otherwise specified, in conformance with specifications in Section J, Exhibit 3, or alternatives found acceptable by a testing laboratory.
- (b) All equipment needed for performance of the size and type customarily used and meeting the approval of the COR; defective equipment to be repaired or replaced within 72 hours.
- (c) Uniforms for employees, as specified, with the contractor's name affixed and in any color but green.
- (d) A telephone for use in making outside calls.

3. Schedule:

- (a) Employees must be in uniform within 10 work days of beginning work.

4. Issues:

- (a) *The Schedule of Cleaning Requirements specifies a number of activities requiring products not listed in Exhibit J-3. What are these products?* Spray for use in spray buffing (item 2C), spot

cleaner for carpet (item 2A5), rug shampoo (item 18A), ice removing chemicals (Exhibit 2E[D]).

- (b) *The Government will not be responsible for damage or loss to the contractor's supplies or equipment. Will storage areas be equipped with locks? If not, can the contractor install them?* Not specified in the contract. This is an issue that may have to be resolved.

5. Clarifications:

- (a) Would the contractor be permitted to install a pay telephone for its use in making outside phone calls?
- (b) Would the contractor be permitted to use chemicals for snow and ice removal?

TOPIC C. DEDUCTIONS FOR WORK NOT PERFORMED OR PERFORMED IMPROPERLY

1. References: Contract Section C-2(A), Section E-2(d)(e), Section G-4, Section G-5, Section G-7, Building Cleaning Contract Deduction Table

2. Requirements:

- (a) Deductions will be made for unsatisfactory work or work not accomplished with respect to Exhibits J-2A and J-2E as specified in Section G and the Building Cleaning Contract Deduction Table.

3. Schedule: None

4. Issues:

- (a) *There is a requirement to provide utility service to an occupying agency. What will happen if this tenant moves out?* Not specified in the contract. This is an issue that may have to be resolved.
- (b) *What recourse does the contractor have when told certain work was not performed or not performed properly?* Under Section E-2(d) and (e), the contractor will have the opportunity to reperform. The contract does not specify the number of times reperformance may be attempted before a deduction is made, before the Government will charge the contractor for reperformance by others, or before the contract will be terminated for default.

5. Clarifications:

- (a) Section E-2(d)(e) provides for reperformance, but Section G-4(c) does not.
- (b) The amount of deductions for failing to meet some requirements is not stated, such as servicing dispensers in toilet areas (Exhibit 2A item 1.3) or carpet shampooing (Exhibit 2A item 28.1).

TOPIC D. PERFORMANCE OF INSPECTIONS

1. References: Section C-7(B), Section C-8(A)(C), Section E-1(B)(C), Section G-(4), Section J-Exhibit 2A and 2E.
2. Requirements:
 - (a) Contractor will develop and implement an inspection system using a checklist, conduct daily inspections, and maintain records of inspections.
 - (b) Government may perform inspections at any time in a way that does not unduly delay work. Quality Control Specialists will conduct inspections and prepare written inspection reports.
3. Schedule:
 - (a) Daily by the contractor or as specified in the contractor's Quality Control Program plan.
 - (b) Daily by the Government or as determined by the COR or QCSs.
4. Issues:
 - (a) *How will acceptance of performance be decided if the contractor's inspector and the QCS disagree?* The COR will decide by "determining the adequacy of performance by the contractor in accordance with the terms and conditions of this contract."
 - (b) *How and when will the contractor be informed of a deficiency in performance?* Not specified in the contract. This is an issue that may have to be resolved.
5. Clarifications:
 - (a) What will happen if Government employees remain at work late and normal cleaning cannot be performed?
 - (b) How will the Government determine whether the requirement for "four coats of floor finish" is met when floors are stripped and refinished?

TOPIC E. QUALIFICATIONS OF CONTRACTOR'S SUPERVISORS AND PERSONNEL

1. References: Contract Section C-4(A)(B), Section C-6(A)(B), Section H-1, H-2, H-3, H-4
2. Requirements:

(a) 50 percent of the personnel must be trained by the start date and the remainder 30 days later; all must be trained in the fire alarm system; all must be suitable and fit, and be eligible to receive a building clearance; all must comply with standards of conduct.

(b) Supervisors must have 2 years of recent experience in similar in scope, submit a resume, and be able to communicate in English with the Government's representative.

3. Schedule:

(a) Staff fully trained within 30 days of start.

(b) Forms FD 258 and 1767 due 5 work days before an individual begins work.

(c) Resume submitted before new supervisor begins work.

4. Issues:

(a) *How will the Government determine that an employee is fully trained and qualified?* According to Section C-6(B), these employees "will exhibit the capability of operating with a minimum of supervision."

(b) Standards of conduct apply to "competency, conduct, appearance, and integrity," but the contract does not provide explicit standards.

5. Clarifications:


(a) Is it necessary for all contractor employees to be skilled at all functions such as operating a floor polishing machine?

(b) Are replacement employees to be fully trained and qualified when they begin work, or 30 days later?





f. **Question:** Any questions? (*Answer student questions. Then proceed.*)

TOPIC 2.4: POSTAWARD CONFERENCE AGENDA**Ref.:** Chapter 2, p. 10-21**Objective:** When the students have completed this exercise, they must be able to prepare an agenda for a postaward conference.**Time:** 10:45 AM (40 minutes)**Method:** Small Group Exercise/Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: Now that you have identified the issues that will go into a postaward conference, you have to prepare an agenda. Look at Exhibit 2-4 in your Text/Reference. This list of possible agenda items contains many more points than you usually would include in your agenda. You should choose only those points that are likely to have an impact on contract performance.</p>	
	<p>b. Assign: I want you to work in your small groups again to prepare an agenda for a postaward conference with Profitable Building Services. Your group's agenda should cover the six steps described on pages 2-23, 2-24, and 2-25 of your Text/Reference.</p> <p>Under Step 4, I want each group to prepare a detailed outline on your group's topic using the information from Exercise 2-2 that we just completed.</p> <p>Also, several Government representatives will attend as members of the contract administration team. These will be the</p> <ul style="list-style-type: none"> • contract administrator, who will chair the meeting • COR, who will deal with Topic A, the Annual Cleaning Schedule and Quality Control plan • federal cleaning product specifications specialist, who will deal with Topic B, Supplies, Materials and Equipment 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • agency finance office representative, who will deal with Topic C, Deductions for Work Not Performed or Performed Improperly • quality control specialist (QCS), who will deal with Topic D, Performance of Inspections • <i>(include only if there are five small groups)</i> building personnel/security officer, who will deal with Topic E, Qualifications of Supervisors and Personnel. <p>Put all essential points in the agenda, but keep it short. Because of everyone's busy schedule, the conference has to be kept to only one hour.</p>	
	<p>c. Question: Your instructions are in Exercise 2-3. You will have about 20 minutes. Are there any questions? <i>(Answer student questions. Then urge them to begin.)</i></p>	
	<p>d. Results: <i>(At 11:15 AM)</i> Let's combine what each group came up with into a single agenda. <i>(Ask one group to present its agenda for Step 1 as you record the items on a chalkboard or flipchart. Ask others to comment. Then ask another group for its agenda for Step 2. Proceed in this way through all steps except Step 4, noting the class will come back to that step later:</i></p> <ul style="list-style-type: none"> • <i>Step 1. Introduce the participants.</i> • <i>Step 2. Explain the purpose of the conference.</i> • <i>Step 3. Summarize the roles of Government key personnel.</i> • <i>Step 4. OMIT</i> • <i>Step 5. Provide the contractor with posters, notices and other data.</i> • <i>Step 6. Secure agreement on milestones or interpretation of terms and conditions.</i> <p><i>The resulting agenda should be similar to the following.)</i></p>	

POSTAWARD CONFERENCE AGENDA

1. Introductions:

- welcome the contractor
- introduce yourself and other Government representatives, by name and title
- introduce the contractor's representative(s)

2. Explain Purpose:

- review contract requirements
- clarify any contractor questions, concerns
- not to change terms, conditions of contract in any way

3. Summarize Roles:

- indicate roles, responsibilities, limits of authority of Government representatives
- indicate role, responsibility of Contracting Officer; how to contact; only Contracting Officer can authorize changes
- ask contractor representative to indicate role, responsibility, limit of authority for key personnel

4. General Instructions:

- OMIT

5. Provide Contractor with Notices:

- minimum wage, handicapped/veteran/age/etc. posters
- copies of personnel clearance forms

6. Seek Agreement:

- on milestones for Quality Control Plan, Annual Cleaning Schedule, resume of supervisors
- name and telephone number of who to contact in snow emergency
- ask contractor for any additional questions or issues



e. **Question:** Any questions? (Answer student questions). Then proceed.

TOPIC 2.5: POSTAWARD CONFERENCE ROLEPLAY



Ref.: Chapter 2, p. 1-29

Objective: When the roleplay is completed, your students must be able to identify "do's" and "don'ts" on how to prepare for and conduct a postaward conference.



Time: 11:25 AM (85 minutes plus 70 minutes Lunch)


Method: Group Role Play


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Announce: We now have a basic agenda for the postaward conference with Profitable Building Services. Each group also has a detailed agenda for a portion of Section 4 in the agenda, General Instructions. A contract administrator usually would contact other team members for their inputs and then merge all of their topics into a single agenda. We'll not do that this time.</p> <p>b. Explain: After the agenda, the next step would be to schedule the conference. You will want to choose a time when everyone who should be there can be there, and you want to set aside enough time to safely cover all the points on the agenda. Don't forget to include the contractor in your planning. It may be a good idea to contact the contractor in advance to see if he or she has any questions that should be included in the agenda and will affect the schedule.</p> <p>c. Explain: It also is important for the Government people to reach agreement beforehand on every issue the Government will raise at the conference, and define the role of each Government person who will participate. The conference is not the place to iron out differences or decide on how the contract will be administered. You also will want to agree in advance on the Government's response to any issues you know will be raised by the contractor.</p>	


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Directions: Now it's time for the conference itself. We'll have a chance to see some of what happens during a postaward conference with a role play. I'm going to take the role of Mr. Mahoney, the contractor. I want each group to choose someone to be its representative, someone who will attend the conference and present your group's part of the agenda. We'll take a minute for each group to choose who will represent it. The roles are listed in the directions for Exercise 2-4. (<i>Urge the students to choose their group representative quickly.</i>)</p> <p>(<i>After a minute or two.</i>) We have one more role to fill, Terry O'Day, the contract administrator. Who will volunteer? (<i>Try to get a student who is not representing a group to volunteer. If none volunteers, designate someone.</i>)</p>	
	<p>e. Announce: I'd like to meet briefly with those of you who will participate in the conference. The rest of you can begin your Lunch break. We'll take an extra 10 minutes so the participants can get prepared. We'll begin again at 12:40.</p> <p>(<i>Meet briefly with the "contract administrator" and the group representatives to clarify their roles and so that the "contract administrator" can collect the names of the participants in order to introduce them to the contractor at the beginning of the orientation. Urge all participants to spend some of their lunch hour preparing for their portion of the conference.</i>)</p> <p>(<i>Also spend a few minutes reviewing the agenda items written on the chalkboard/flipchart with the "contract administrator." Point out that most of the time for the conference should be devoted to Section 4: General Instructions to the Contractor. No more than 3 or 4 minutes should be spent on any other section.</i>)</p>	
LUNCH		
TIME: 11:30 AM (70 MINUTES)		

LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>f. Directions: (At 12:40 PM) Let's hold the conference here. (<i>Point to an area. Move chairs to form a circle with room for you, the "contract administrator", and the group representatives.</i>) During the conference, I want you remaining students to take notes on what happens.</p> <p>g. Assign: Let's begin. Contract Administrator, start off by welcoming Mr. Mahoney and introducing yourself and the other Government representatives. Use your own names. Then continue through the agenda. When you get to Section 4, call on each representative in turn to make a presentation. Keep these presentations to under 5 minutes. Remember to allow the contractor time to ask questions. OK? (<i>Answer any questions from the students.</i>)</p>	
	<p>(<i>During the roleplay, you will take the role of the contractor. Listen attentively to the presentations. You may interrupt a presentation, or ask questions at the end of one, to clarify some point. You also should raise at least one new issue not included in the presentation. Use points from the list below. If a presentation appears it will exceed 5 minutes, point out you are "due for a meeting with the IRS" and cannot stay past 1:30 PM.</i>)</p>	
	<p>(<i>When you are asked at the end of the conference if you have any questions, present the following request.</i>) Yes, I do. A locker room and lockers have been made available to my staff. However, there will not be enough lockers to go around. Would it be possible to get a dozen more lockers installed? There is plenty of room. (<i>Press the "Contract Administrator" for an answer, allowing the "Government Representatives" to confer if they want. If necessary, note that the Government is to provide lockers according to the contract, C-5 [A][3].</i>)</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>(Raise at least <u>one</u> new question or issue during or following each group representative's presentation in Section 4 of the conference.</i></p> <p><i>TOPIC A (Annual Schedule and Quality Plan:</i></p> <ul style="list-style-type: none"> <i>• How specific does the schedule have to be? Do I have to describe office by office, toilet stall by toilet stall?</i> <i>• What if the quality plan is not accepted? Am I supposed to begin work anyway?</i> <p><i>TOPIC B (Supplies, Materials, Equipment):</i></p> <ul style="list-style-type: none"> <i>• In the Utility Work requirement (p. III-J 32), it says we are to assist in moving furniture. Do I need to provide dollies, hand trucks, and so forth?</i> <i>• Our employees normally dress in khaki clothes they supply themselves plus a brown apron with our name on it. Is this a satisfactory uniform (C-5[B][4])?</i> <p><i>TOPIC C (Deductions for Non/Poor Performance):</i></p> <ul style="list-style-type: none"> <i>• What time will Government inspections take place? If before 10:00 PM, we may not have gotten there yet; if the next morning, building occupants may have messed the place up already.</i> <i>• The contract (G-6) states that deductions will be made if the building is closed due to weather, but I still have to remove snow. Does that mean we work without pay?</i> <p><i>TOPIC D (Inspections):</i></p> <ul style="list-style-type: none"> <i>• We do a good job, and have a good reputation, but not everyone is perfect every day. Will the inspectors recognize this?</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>People sometimes leave papers on the floor. Do we assume this is trash? Or put them on a desk? Or leave them be?</i> <p><i>TOPIC E (Qualifications of Personnel):</i></p> <ul style="list-style-type: none"> • <i>Do all of our employees have to be U.S. citizens?</i> • <i>Why does the contract require "close and continuing supervision" but also require personnel who are capable "of operating with a minimum of supervision" (C-6[B])?</i> 	
POSTAWARD CONFERENCE ROLEPLAY TIME: 12:45 PM (60 MINUTES)		
	<p>h. Results: <i>(At 1:45 PM, or earlier if the roleplay has wound down.) Let's take a few minutes to talk about what happened. Who can tell me something you observed?</i></p> <p><i>(Solicit observations from the class. List them on a flipchart or chalkboard. Encourage comments related to how to plan for and how to conduct a postaward conference. If comments emerge about conference content, such as failing to mention the need for employee uniforms, or individual style, such as one person being domineering during the roleplay, solicit suggestions for how to phrase that comment as a general principle. Record the principle, not the more specific comment.)</i></p> <p><i>(Some typical observations that students may report are:</i></p> <ul style="list-style-type: none"> • <i>need to be well prepared to describe a requirement</i> • <i>acknowledging the work statement may not be entirely clear</i> • <i>appearing courteous and helpful to the contractor at all times</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>recognizing the contractor's questions and points of view</i> • <i>trying to resolve disputes without compromising the Government's position</i> • <i>summarizing positions on both unresolved issues and agreements reached.</i> 	
	<p>i. Question: These are good points that will help you do a better job of planning and conducting postaward conferences. Are there any questions? (<i>Answer student questions.</i>)</p> <p>j. Announce: (<i>At 2:00 PM</i>) We can take our Break now.</p>	
<p style="text-align: center;">BREAK TIME: 2:00 PM (20 MINUTES)</p>		




TOPIC 2.6: FOLLOW UP TO POSTAWARD ORIENTATION**Ref.:** Chapter 2, p. 1-29**Objective:** When this discussion is complete, your students must be able to describe the steps for following-up a postaward orientation.**Time:** 2:20 PM (10 minutes)**Method:** Interactive Questions

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
 2-2	a. Introduce: The postaward conference, whether by mail, telephone, or face-to-face, is not the end of your postaward orientation responsibilities. Several follow-up steps have to be completed. We've just finished the postaward conference on the Profitable contract. Let's look at what else has to be done.	
	b. Show: (<i>Vugraph 2-2: Postaward Follow-Up Steps.</i>)	




POSTAWARD FOLLOW-UP STEPS



5. Prepare a Report
6. Select a Course of Action
7. Modify the Contract
8. Document Contract Files
9. Provide Information to Others
10. Obtain Needed Documents

2-2


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Here is a list of the steps that follow the actual conference. I'm going to call on those who did not participate in the orientation to tell us what they would do under each step as follow-up to the conference.</p>	
	<p><i>(Randomly call on students to respond. If the answer given is incorrect or incomplete, call on an additional student to add to the answer. The answer should fit the Profitable Building Services contract.)</i></p>	
	<p>b. Question: The first step following the orientation is Prepare a Report. What are some things to include in your report?</p> <p><i>(Call on a student to answer. Some appropriate responses are:</i></p> <ul style="list-style-type: none"> <i>• date, time, and place of conference</i> <i>• list of conference attendees</i> <i>• issues raised by Government</i> <i>• issues raised by contractor</i> <i>• resolution of each issue</i> <i>• copy of agenda.)</i> 	
	<p>c. Question: The next step is Select a Course of Action. Were there any unresolved issues? <i>(Call on a student to answer.)</i></p> <p>How would you go about resolving (this issue/an issue) if it did come up? <i>(Call on another student to answer. Some appropriate responses are:</i></p> <ul style="list-style-type: none"> <i>• discuss Government's position with contracting officer, requiring activity</i> <i>• clarify requirements/specifications with written guidelines acceptable to both sides</i> <i>• research common practices in that industry/trade regarding how the issue is interpreted</i> <i>• consider a contract modification.)</i> 	

LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>(Raise the locker issue if none of the students do.) Mr. Mahoney asked for 12 additional clothes lockers. Does this issue have to be resolved? How can it be resolved? (Call on students to answer. Answer should include: the Government is obligated to furnish the additional lockers; how soon they should be furnished may be an issue, however.)</i></p>	
	<p>d. Question: Sometimes, a Contract Modification is needed. When should a contract modification be considered? <i>(Call on a student to answer. Some appropriate responses are:</i></p> <ul style="list-style-type: none"> • <i>when there is no other way to resolve a disagreement</i> • <i>when a change must be made in contract requirements, price, schedule, or terms.)</i> 	
	<p>e. Question: The next step is to Document the Contract File. What are some examples of what go into the file at this point? <i>(Call on a student to answer. Some examples are:</i></p> <ul style="list-style-type: none"> • <i>report on the orientation/conference</i> • <i>memos on subsequent negotiations</i> • <i>memos on contacts with other Government representatives regarding unresolved issues.)</i> 	
	<p>f. Question: Next, you must Provide Information to Others. What are some examples of information from the Profitable conference you might want to distribute? To whom? <i>(Call on student to answer. Some examples are:</i></p> <ul style="list-style-type: none"> • <i>clarifications on inspections, personnel qualifications, scheduling, etc. to be sent to the COR</i> • <i>information on disagreements to be given to the contracting officer</i> • <i>information on questions and disputes resolved to be provided to the contractor.)</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>g. Question: And last, Obtain Needed Documents. What are some of the items to be obtained from the building services contractor before performance begins? (<i>Ask a student to answer. No bond or insurance certificate is required for this contract. However, the contractor is to provide:</i></p> <ul style="list-style-type: none"> <i>fingerprint and background forms on personnel</i> <i>resumes of supervisors</i> <i>a quality assurance program plan</i> <i>an annual cleaning schedule.</i>) 	
	<p>h. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 2.7: RECAP OF POSTAWARD ORIENTATION**Ref.:** Chapter 2, p. 1-29**Objective:** When this segment is completed, your students must be able to implement all aspects of a postaward orientation.**Time:** 2:30 PM (10 minutes)**Method:** Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
 2-1	a. Review: As you have seen, one of your first steps as administrator for a new contract will be to plan and conduct a postaward orientation. Your contract administration plan and your discussions with the COR and other Government representatives will help you decide: <ul style="list-style-type: none"> • whether a formal postaward orientation is required • what issues need to be considered • what the agenda should be • who should participate in the orientation. 	
	b. Show: (<i>Vugraph 2-1: Postaward Orientation Flowchart.</i>)	
	c. Review: (<i>Briefly review each step in the flowchart.</i>) <ul style="list-style-type: none"> • Determine the need for an orientation. This will depend on the experience of the contractor, the contract requirements, and whether the COR or other Government representatives identify issues they feel should be discussed. • Determine the type of orientation. Sometimes, a face-to-face conference will be required. Other times, a telephone call or a letter will be sufficient. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • If no orientation is needed, you should provide information on the contract to others who may need it, and document the file. • Plan the orientation. If one is needed, you will have to prepare an agenda. Make sure you understand every issue, even if you will get help from a technical person at the orientation conference. • Conduct the orientation. Remember what we learned from the roleplay. You have to be fully prepared. In the orientation, try to resolve all questions and disagreements. But, if you can't, try to agree on what specific issues remain to be resolved. • Prepare a report. It is important to document every key issue for the contract file. If you can, review your conclusions on each agenda topic with the contractor before the meeting ends to avoid later misunderstandings. • Select a course of action when you and the contractor cannot agree. Investigate possible alternatives and get advice as soon as you can after the conference ends. Try to find a solution that is fair and equitable to both the Government and the contractor. • Identify the need for a contract modification. If you cannot resolve a disagreement in some other way, you can consider modifying the contract, or perhaps even terminating it. • Document the contract file. Add your report on the postaward conference to the file, and any other relevant documentation such as memos on telephone calls to the contractor. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Provide information to interested parties. Distribute information or documents from the orientation to those who may need it. Be sure to confirm agreements reached with the contractor in writing. • Obtain required documents from the contractor. The contract may require the contractor to provide a performance bond, insurance documentation, a security agreement, and so forth prior to when work begins. 	
	d. Question: Are there any questions? (<i>Answer student questions. Then proceed.</i>)	

TOPIC 3.1: INTRODUCTION TO LESSON 3

Ref.: Chapter 3, p. 1-37


Objective: When you have finished this introduction, your students must be able to describe how everyday products and services are ordered.

Time: 1:35 PM (10 minutes)

Method: Lecturette

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Announce: As I said yesterday, we will only briefly touch on Chapter 3, on placing orders against existing contracts and agreements. I do want to highlight a few points, however. There will not be any exam questions on placing orders so we only will spend a few minutes on what this is all about.</p> <p>b. Introduce: To function properly, the Government regularly purchases a wide variety of products and services. Many of these are to meet recurring needs, products and services that have to be obtained over and over again. The Government needs pencils and desks and gasoline and security guards. It needs dictionaries and construction tools and typewriter repairs and tape recorders.</p> <p>c. Explain: For many of its needs, the Government goes through the usual source selection procedure to obtain some particular product or service. For certain routine needs, however, this would be expensive and time-consuming. So, instead, a number of alternative mechanisms are used for obtaining everyday products and services.</p> <p>d. Explain: FAR Part 8 specifies how you go about getting various products and services. Sources include your own agency's inventories, special programs involving prison inmates and disabled persons, and various kinds of indefinite delivery contracts and ordering agreements.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>e. Explain: One of the most frequently used sources is the Federal Supply Schedule. The FSS is like a catalog. Suppliers can be listed in it by negotiating an indefinite delivery contract with GSA that identifies the products or services the supplier is offering, the prices and delivery terms for those items, and the length of time the contract will be in force. These contracts are open as to quantity. The supplier provides the items in response to a Delivery Order placed by an agency.</p>	
	<p>f. Explain: The problem of getting additional clothes lockers for Profitable's employees came up during the conference. The contract said the Government will provide them, and 12 additional lockers are the kind of item that often would be obtained using a Federal Supply Schedule.</p>	
	<p>g. Explain: Most contracting activities have copies of the FSS available. There are various rules about obtaining products or services through an FSS; you'll have to learn about them and you own agency's procedures before you prepare a Delivery Order using the FSS. You should be familiar with Delivery Orders, however, so you know what's involved in preparing one.</p>	
	<p>h. Assign: Turn to Exercise 3-1. The first page is a requisition prepared by the COR, Carl Customs. He has provided all of the information you will need to prepare the Delivery Order. There also is a blank Delivery Order on the third page, Optional Form 347.</p> <p>I'm going to walk you through the Delivery Order form, block by block. As we describe each entry, write it down on the blank form so you will have a model to look at when you have to fill out one of these forms. <i>(Write each entry on a chalkboard/flipchart as you present it to facilitate copying by students.)</i></p>	

TOPIC 4.1: INTRODUCTION TO LESSON 4


Ref.: Chapter 4, p. 1-27

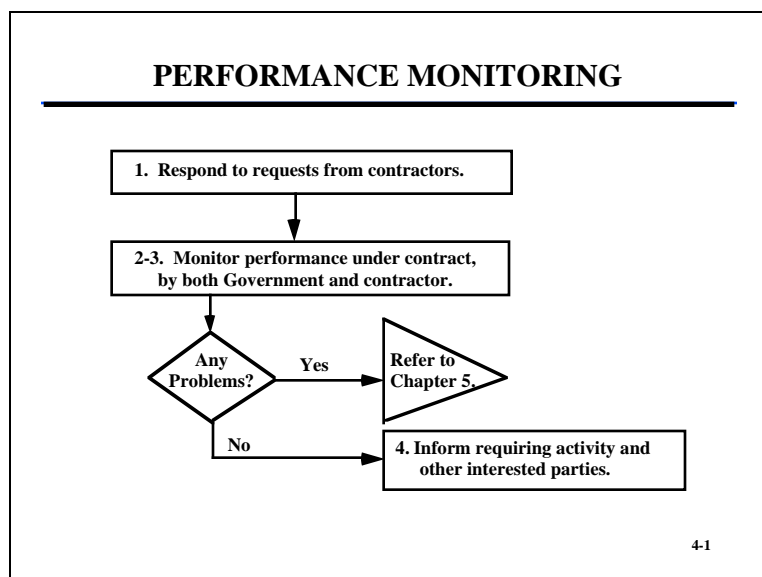
Objective: When you have finished this introduction, your students must be able to state the purpose of performance monitoring and what responsibilities are included in monitoring.

Time: 3:00 PM (10 minutes)

Method: Lecturette

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
 4-1	<p>a. Explain: Performance monitoring of ongoing contracts is one of a contract administrator's most important activities. Your objective is a trouble-free contract, one that has no performance deficiencies on the part of the contractor or the Government. You can make this outcome more likely by anticipating problems that could arise, and doing something to prevent them. By intervening quickly, you also can minimize the consequences of any problems that do occur.</p> <p>b. Show: (<i>Vugraph 4-1: Performance Monitoring Flowchart.</i>)</p>	



c. **Explain:** Here are the main activities required during performance monitoring (*point to each*):

- respond to contractor requests
- monitor Government and contractor performance
- keep others informed.





d. **Question:** What kinds of requests is a contractor likely to make? (*Ask for answers. List types of typical requests on flipchart or chalkboard. Some possible responses are:*


- *permission to visit a controlled site*
- *permission to pay overtime under a cost-type contract*
- *delivery of Government furnished equipment or material*
- *authorization to subcontract*
- *scheduling of an inspection*
- *clarification of a contract requirement.*)

These are all requests within the language of the statement of work. A contractor also may request:

- a modification to the terms of the contract, such as approval of a delivery delay.

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>We will talk about requests that deviate from the statement of work later in the course.</p>	
	<p>e. Question: How about monitoring Government representatives; what kinds of problems might come up in this area? <i>(Ask for answers and list on flipchart or chalkboard. Some possible responses are:</i></p> <ul style="list-style-type: none"> <i>representative exceeding authority by going beyond contract provisions</i> <i>untimely inspections, approvals</i> <i>failure to provide access, or Government-furnished equipment or materials, as called for in contract</i> <i>providing interim approvals for substandard work</i> <i>tolerating or ignoring deviations, such as safety violations or use of used components</i> <i>inaction in response to problem, question.)</i> <p>You have to be on the lookout for what is done by a Government representative as well as what's not done, and for events that could result in harm to either the Government or the contractor.</p>	
	<p>f. Question: Now let's look at what kinds of contractor performance data a contract administrator might want to collect. <i>(Ask for suggestions and list on flipchart or chalkboard. Some possible responses are:</i></p> <ul style="list-style-type: none"> <i>submitting required documents, such as insurance declarations, quality assurance plans, or progress reports</i> <i>meeting deadlines for deliveries of products</i> <i>quality inspection and acceptance reports</i> <i>reports from a COR on performance delays, deficiencies, contractor staff turnover</i> <i>indications of a significant change in contractor's management, financial status.)</i> 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Performance data generally will focus on whether contract requirements are being met, but a contract administrator also has to be alert to conditions that may result in performance problems later on.</p> <p>g. Question: The last major activity is keeping others informed. Who has to be informed about what? (<i>Ask for answers and list on flipchart or chalkboard. Some possibilities are:</i></p> <ul style="list-style-type: none"> • <i>the requiring activity about any problems detected</i> • <i>the payments office about the accuracy of contractor invoices</i> • <i>other Government representatives about actions they must take</i> • <i>the contractor about inspection and acceptance reports, deficiencies, answers to questions.</i>) <p>As contract administrator, you have to make sure that you are kept informed about all significant events regarding performance or affecting performance, and that you keep others informed about what is happening.</p> <p>h. Explain: Your performance monitoring should be designed to detect impending problems as quickly as possible. By identifying problems early, they will be easier to control and resolve. You also want to make certain that the Government is getting what it is paying for and, at the same time, is living up to its own contract responsibilities.</p> <p>i. Question: Are there any questions about the purpose of performance monitoring or its activities? (<i>Answer students questions. Then proceed.</i>)</p>	

TOPIC 4.2: MONITORING, INSPECTION, AND ACCEPTANCE

Ref.: Chapter 4, p. 1-28

Objective: When you have completed this segment, your students must be able to describe the principles underlying monitoring, inspection, and acceptance.

Time: 3:10 PM (20 minutes)

Method: Lecturette


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: Performance monitoring involves a number of responsibilities that reflect both what the contract says and several principles that apply to good contract administration. Let's look at some of them.</p> <p>b. Explain: First, let's look at the contractor's obligations. The contractor has agreed to provide certain products or services, or both. The contractor has to meet the stated requirements for quality, for quantity, and for timeliness. The contract specialist serving as contract administrator is responsible, along with the rest of the contract administration team, for making sure these obligations are fulfilled.</p> <p>This should not be a passive duty. The contract administrator must actively work at making sure the Government gets what it needs, when it is needed, and at the agreed upon price. Sitting back and waiting to see if the contractor satisfactorily performs the contract will not protect the Government's interests.</p> <p>The contract administrator has three tools to oversee compliance: monitoring, inspection, and acceptance.</p>	


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Explain: First, you are expected to systematically monitor contract performance to see if the contractor is doing what it is supposed to be doing. We already talked about collecting information on contractor performance through progress reports, by verifying deadlines are met, by examining inspection and acceptance reports, and by communicating regularly with the COR and other members of the contract administration team.</p> <p>For many contracts, however, this information alone will not be enough to minimize the Government's risk. You may want to look for early warnings that everything is not going well. You want to look at some "indicators" that could reveal the contractor's work was off the mark or untimely.</p> <p>d. Question: Let's talk about indicators for a moment. Suppose you are administering a contract that calls for painting a warehouse. What are some of the indicators or clues you could look for very early in performance that would suggest trouble is on its way? (<i>Ask students for answers. Some possible answers are:</i></p> <ul style="list-style-type: none"> • <i>delays in ordering paint</i> • <i>too few or apparently unqualified personnel</i> • <i>inadequate equipment, such as scaffolding</i> • <i>no one on site to supervise operations</i> • <i>high turnover among employees.</i>) <p>Good. None of these actually involve the quality, quantity, or timeliness of the final product, but they suggest things are not going well.</p>	



LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>e. Explain: You have to be creative in looking for useful indicators, and then incorporate monitoring these indicators in your contract administration plan. Then, depending on the indicators you have identified, you may want to involve the COR, a quality inspector, a technical expert, or someone else to help you gather or interpret the information you need. For example, you may not know how much scaffolding the contractor will need to paint the warehouse, but you ought to be able to ask the COR or a technical expert to give you their opinion.</p>	
	<p>f. Explain: How closely you monitor the contractor also depends on how well things seem to be going. If everything is on schedule, you may decide to monitor less intensely. But if problems already have cropped up, you may want to add more indicators and examine the contractor's performance more frequently.</p>	
	<p>Either way, you want to adjust your contract administration plan accordingly. The plan should not be fixed. For many contracts, you will want to revise the plan one or more times either to reflect changes in the contract, such as the addition or deletion of work, or in light of your assessment of how well things are going.</p>	
	<p>g. Question: Any questions to this point? (<i>Answer student questions. Then proceed.</i>)</p> <p>h. Explain: You also have to monitor what the Government does. You have to be particularly on the lookout for two problems:</p> <ul style="list-style-type: none"> • whether the Government is meeting its obligations under the contract, and • whether the contractor is being directed to do something not called for by the contract. 	


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>i. Question: We've already talked about some of the obligation the Government may have under a contract. Tell me some of them. (<i>Ask students to respond. Some possible answers are:</i></p> <ul style="list-style-type: none"> • <i>furnishing information, materials</i> • <i>providing access, use of space</i> • <i>timeliness in conducting inspections, reviews, approvals</i> • <i>processing and paying invoices.</i>) <p>The Profitable contract has a whole subsection devoted to what will be furnished by the Government, such as a locker for each contractor employee.</p> <p>If the Government does not fulfill its obligations, the contractor has the right to seek additional time or other concessions, and to claim reimbursement for additional costs.</p> <p>j. Explain: The other error the Government can make is to direct the contractor to do something not called for by the contract. This may be in the form of additional work, an earlier delivery date, or a higher quality standard. Alterations in contract requirements are covered by the Changes Clause in a contract that says the Government has the right to modify the contract's requirements but, if it does so, the contractor is entitled to an equitable adjustment, most often an increase in price.</p> <p>Sometimes, the Government may want to initiate a change. For example, there may have been an error in the specifications or less of the product is needed. But a change also may be unintended, the result of some action by a Government person who exceeds his or her authority.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>For example, a COR who is authorized to provide day-to-day supervision to the contractor's work may instruct the contractor to perform tasks more frequently than called for by the contract, or to a higher standard of quality. These are called "constructive changes." From the contractor's point of view, it is being asked to do work in response to a Government-initiated change under the Changes Clause and for which it will receive an equitable adjustment.</p> <p>If a constructive change is required, the proper course of action is to negotiate the change with the contractor before it is implemented. The agreement reached will include any impact caused by the change on the contract's schedule, price, or other terms. However, if the contractor is directed to make a change prior to negotiations, the Government may be vulnerable. We will look more at constructive changes later in the course when we talk about modifications.</p> <p>k. Explain: While we are on the topic of constructive changes, there are two precautions I'd like to call to your attention. First, you can notify the contractor to contact you if it receives any instructions that represent a change in requirements. Remember that this typically is done in the letter informing the contractor who the COR will be, and admonishing the contractor that the COR is not authorized to make changes. This does not always protect the Government, however.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>The other precaution involves what are called "cardinal" changes. These not only alter contract requirements, but do so in a way that differs materially from the original scope of work. An example would be directing the contractor to ship screwdrivers in place of light bulbs or provide security guards in addition to bus drivers. Cardinal changes are prohibited because they are not consistent with fair and open competition. A contractor is likely to accept a cardinal change in a contract if it is expected to be advantageous. This creates an unnecessary liability for the Government, however, and you must guard against cardinal changes. We also will look again at changes outside the scope of a contract when we talk about contract modifications.</p> <p>1. Explain: Monitoring is one tool a contract administrator has to oversee compliance. The second and third tools are inspection and acceptance. How inspections will be conducted and what standards will be used to determine acceptance are laid out in a contract, usually in Section E.</p> <p>A number of different inspection methods can be used to establish whether products or services being furnished under a contract conform to the requirements in the contract. Frequently, the contract will require the contractor to perform certain inspections on its own and maintain records of these inspections. As your recall, the Profitable contract requires the contractor to establish a quality control plan and perform inspections daily. Whether the contractor has primary responsibility for conducting inspections or not, the Government has the right and duty to conduct inspections of its own to establish whether it is getting what it is supposed to get.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Acceptance means the Government is satisfied with the product or service it receives. It involves two dimensions. First, the goods or services must conform to the specifications laid out in the contract. And, second, the goods or services must be delivered as stated in the contract; for products this means the F.O.B. point. Acceptance is a formal procedure based on the standards and requirements in the contract. Goods or services can be inspected several times, but acceptance can occur only once. Following acceptance, the Government generally is stuck with what it got.</p>	
	<p>m. Question: We've gone over quite a lot. Are there any questions about monitoring, inspection or acceptance? (<i>Answer student questions.</i>)</p> <p>n. Announce: (<i>At 3:30 PM</i>) That's all for today. Your assignment is to read Chapters 5 and 6 in the Text/Reference before class begins tomorrow.</p>	
END DAY TWO TIME: 3:30 PM		

DAY THREE

TOPIC 4.3: PERFORMANCE MONITORING ISSUES

Ref: Chapter 4, p. 1-12

Objective: When your students have completed this segment, they must be able to:


- Respond to contractor requests
- Recognize potentially adverse COR/COTR actions
- Determine when and how to obtain performance monitoring information
- Communicate status information.

Time: 8:00 AM (40 minutes)


Method: Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: We've reviewed the key performance monitoring responsibilities of the contract administrator. Performance monitoring doesn't sound very exciting, but the issues and problems that come up during monitoring will demand your close attention.</p> <p>You have to keep the purpose of performance monitoring in mind: monitoring is intended to surface problems in time for you to do something about them. Preventing and resolving problems are primary responsibilities of the contract administrator.</p> <p>b. Present: We're going to go back to the FONI contract and see what's happening with it. Turn to Exercise 4-1. The first page has a little chart that summarizes key information about this contract. Contract administrators often prepare a chart like this when they are responsible for several different contracts all at the same time to keep the details straight.</p>	




LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Let's fill it in. (<i>Call on students to answer.</i>) What's the</p> <ul style="list-style-type: none"> • name of the contractor? (<i>Flowers in Our Neighborhood, Inc.</i>) • contract number? (<i>GS-99F-90-ARC-0031</i>) • name of the contractor's authorized representative? (<i>Dustin Potts, President</i>) • amount of the contract? (<i>\$32,382</i>) • type of contract? (<i>fixed price</i>) • purpose of the contract? (<i>Replace dirt in existing planters, fertilize, and install approximately 6,000 geranium plants at the Franklin Federal Building</i>) • start date? (<i>April 1, 1990</i>) • end date? (<i>August 14, 1990</i>) • name of the contracting officer? (<i>Donald Leader</i>) • name of the contracting officer's representative? (<i>George Lincoln</i>) • and name of the contract specialist administering the contract? (<i>Norma Jackson</i>) <p>c. Present: Now for the updates. After we last looked in on Norma Jackson, she held the postaward conference with the Flowers in Our Neighborhood, Inc., president, Mr. Dustin Potts. Together with Mr. George Lincoln, the COR, they were able to come to an agreement on the two problems Norma had identified:</p> <ul style="list-style-type: none"> • Mr. Potts conceded that contractor responsibility for removing the old dirt was an accepted trade practice, that he recognized it as a requirement, and that it fell within his work under the contract. • Mr. Potts and Mr. Lincoln agreed that it would be possible for Mr. Lincoln to observe and verify the addition of proper quantities of fertilizer and that Mr. Potts would notify Mr. Lincoln prior to adding the fertilizer so he could be there to watch. Since then, performance under the contract has begun, but only 15 days have gone by and the initial planting of geraniums has not yet occurred. 	


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Assign: Look again at Exercise 4-1. There is a letter from Mr. Potts requesting Norma's assistance, a memo from Mr. Lincoln reporting his telephone conversation with Mr. Potts, a letter from the Plant Factory to Donald Leader, and Donald Leader's memo to Norma. You are to read these four items and then write three brief memos on behalf of Norma:</p> <ul style="list-style-type: none"> • one replying to Mr. Pott's request for assistance, • a second cautioning Mr. Lincoln about initiating constructive changes, and • a third to Mr. Leader regarding the Plant Factory letter. <p>Go ahead and begin. You'll have about 20 minutes.</p> <p>e. Results: <i>(At 8:30 AM)</i> Contract monitoring requires your careful attention, even when you have done everything you should to avoid difficulties. In this exercise you saw some of the problems that can come up. Let's see how you dealt with them.</p> <p>Your first task was to reply to Mr. Potts regarding his access to the building grounds. Who would like to read their reply. <i>(Call on a volunteer. If no one volunteers, select a student to respond.)</i></p> <p><i>(After the reply is read, choose other students to comment on/add to the reply. List key points on a flipchart or chalkboard as they are mentioned. The following points should be included:</i></p> <ul style="list-style-type: none"> • <i>access is authorized</i> • <i>access is restricted to between 8:30-11:30 AM and 1:30-4:30 PM</i> • <i>Mr. Lincoln must be contacted the day before access is required.)</i> 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>f. Results: Now let's see how you did on the second task. Any volunteers? (<i>Call on a volunteer. If no one volunteers, select a student to respond.</i>)</p> <p>(<i>After the reply is read, choose other students to comment on/add to the reply. List key points on a flipchart or chalkboard as they are mentioned. The following points should be included:</i></p> <ul style="list-style-type: none"> • <i>the contract does not permit the Government to require written progress reports</i> • <i>Mr. Lincoln is not authorized to request changes in the contract</i> • <i>requiring written progress reports would require a change in the contract and the Government could be liable for additional costs.</i>) 	
	<p>g. Results: The third task was to write a memo to Mr. Leader about the Flower Factory letter. Who wants to try this one? (<i>Call on a volunteer. If no one volunteers, select a student to respond.</i>)</p> <p>(<i>After the reply is read, choose other students to comment on/add to the reply. List key points on a flipchart or chalkboard as they are mentioned. The following points should be included:</i></p> <ul style="list-style-type: none"> • <i>FONI's financial condition is questionable</i> • <i>performance therefore may have to be monitored more closely.</i>) 	
	<p>h. Question: Let's go back to Mr. Lincoln's memo for a moment. He reports his concern that FONI appears to be behind schedule. Now look back at Norma's contract administration plan in Exercise 1-2. Did Norma recognize that the contractor might not be able to comply with the schedule? (<i>Ask for answers. In point "b" under section 9 of the plan, Potential Problem Areas, Norma noted the firm had a record of delays and was small with only 3 employees.</i>)</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Did Norma put anything in her plan that would give her early warning if the contractor was late in starting work? <i>(Ask for answers. The answer should be: No, she did not.)</i></p> <p>What steps could Norma have taken to get this information? What indications could she use? <i>(Ask for answers. A possible answer is: Norma could have discussed monitoring with Mr. Lincoln, set dates for what FONI should be doing, such as cleaning out the old planters, and asked Mr. Lincoln to report progress on these activities to her.)</i></p> <p>What should Norma do now? <i>(Ask for answers. A possible answer is: Based on Mr. Lincoln's report, Norma needs to monitor this contract more closely. She should identify indicators or interim due dates with Mr. Lincoln and revise her contract administration plan to include these monitoring steps.)</i></p>	
	<p>i. Question: Any questions? <i>(Answer student questions. Then proceed.)</i></p>	


TOPIC 4.4: INSPECTION AND REPORTING



Ref.: Chapter 4, p. 13-28

Objective: When your students have completed this exercise, they must be able to describe the inspection and acceptance function and how it works in practice.

Time: 8:40 AM (90 minutes including Break)


Method: Small Group Exercise


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: Contract administrators are responsible for monitoring contract performance. They gather performance data to help them determine whether everything is progressing well, and whether contract requirements are being met. Contract administrators rarely get involved personally in technical issues; those usually are the responsibility of the COR and the quality control specialists.</p> <p>Today, however, you are going to have an opportunity to learn how inspections are accomplished, and what they involve. We're going to get in our small groups and then conduct inspections of portions of this building according to the standards in the Profitable contract.</p>	
	<p>b. Assign: I will give each group an assignment for this exercise in a moment. Each group will be responsible for conducting a cleanliness inspection of designated portions of this building. You will create an inspection form consisting of a checklist and comment sheet based on the appropriate sections of the "Cleaning Work and Quality Requirements" beginning on page J-5 of the Profitable contract.</p>	
	<p>c. Assign: Here are your assignments. (<i>Assign one set of areas to each group, beginning with Set A. If there are 4 groups, use sets A through D and omit set E. If there are 5 groups, assign sets A through E.</i>)</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>(Teams with "toilet room" assignments should be instructed that these inspections can be conducted by male or female subteams.)</i></p> <ul style="list-style-type: none"> • Group A: Daily and weekly cleaning of toilet rooms and daily cleaning of the lobby and our hallway. 	
	<p><i>(Normally, indicate the main lobby; note that only the hallway adjacent to the classroom is included in the assignment.)</i></p> <ul style="list-style-type: none"> • Group B: Daily cleaning of this classroom and daily, 3 times per week, and weekly cleaning of the building exterior. • Group C: Daily cleaning of the passenger elevators, and daily cleaning of this classroom. • Group D: Daily and weekly cleaning of toilet rooms, and daily, 3 times per week, and weekly cleaning of the building exterior. • Group E: Daily cleaning of the passenger elevators, and daily cleaning of the main lobby and our hallway. <p><i>(If any of these assignments are not practical, substitutes can be made using the daily cleaning of drinking fountains and the 3 times per week cleaning of stairwells requirements.)</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Assign: Your group's first task will be to prepare a checklist of requirements and standards for use in conducting your inspection. Turn to Exercise 4-2. Page 2 has a blank inspection form; use it to list each item to be inspected, such as "floor," "table tops," or "wastebaskets." Then enter the standard that applies to that item. Make sure all members of your group agree on the items your group is to inspect and the standards that apply. Use scratch paper if you need additional space. Each member of the group should make a copy of the form. Take about 15 minutes to fill out your group's inspection form.</p> <p>e. Assign: (<i>At 9:00 AM</i>) You should have finished developing your own inspection forms. If you haven't finished yours, make sure it's complete before moving on to conduct your inspection. That's what we are going to do next: conduct an inspection. All members of your group should participate, with each person independently inspecting all of the items on your group's list except the inappropriate toilet areas. Conduct your inspections individually, not in groups.</p> <p>During your inspection, put a check mark across from each item indicating whether the contractor's performance was "O.K." or "Not O.K." If you identify a deficiency, make notes on the location and what the deficiency was. Use scratch paper to describe the deficiencies you observe.</p> <p>Assume this is the end of the cleaning day, and that the condition of the building when you conduct your inspection is the way it appeared when the contractor finished work. That is, don't make allowances for the use of the building since then; count any problems you find as deficiencies.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>After everyone in your group has completed the inspection, reassemble to go over your notes and prepare a group inspection report. Use the inspection form on page 3 of the exercise. Where it says "Reference," enter the paragraph designation from the Requirements Schedule in Exhibit 2A of the Profitable contract. Come to an agreement within your group as to whether each requirement was performed satisfactorily and, if not, what are the deficiencies that the contractor must remedy.</p> <p>You will have 30 minutes to complete your inspection and make notes on deficiencies. As soon as you finish, meet in your group again to consolidate your group's observations and prepare your group's inspection report. We'll take our Break then and hear those reports beginning promptly at 10:00. Be sure your group completes its assignment by then.</p>	
	<p>f. Question: Are there any questions about the assignment? <i>(Answer student questions. Then urge them to begin.)</i></p> <p>g. Announce: <i>(At 9:40 AM)</i> It's time to take our Break. Every group should be ready to report its inspection findings when we resume at 10:00.</p>	
<p style="text-align: center;">BREAK TIME: 9:40 AM (20 MINUTES)</p>		
	<p>h. Results: <i>(At 10:00 AM)</i> Let's briefly go over each group's inspection report. <i>(Call on each group in turn to summarize its inspection report. See if groups that shared an assignment, such as inspecting the classroom, are in agreement. Then proceed.)</i></p> <p>i. Discussion: <i>(Raise the following points for discussion if not considered earlier:)</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • What's involved in carrying out inspections; what kinds of skills and knowledge does an inspector need? • We all saw that some judgment is involved in deciding whether there are deficiencies; how can dependence on judgment be reduced? • The contract administrator often must act on the basis of an inspection report; how should a contract administrator respond to an inspection report containing deficiencies? • Acceptance following inspection is not specifically defined in Section E of the Profitable contract; what does acceptance mean with respect to this contract? • For the Profitable contract, the Quality Control Specialist will report inspection deficiencies to Mr. Customs, the COR, and he in turn will report them to Terry O'Day, the contract specialist; does O'Day have to inform anyone else about the deficiencies? <p><i>(For each point, encourage class members to express their views. As appropriate, call on class members if they have not yet participated in the discussion. It is not necessary to reach a consensus on any point.)</i></p>	
	j. Question: Do you have any questions? <i>(Answer student questions. Then proceed.)</i>	

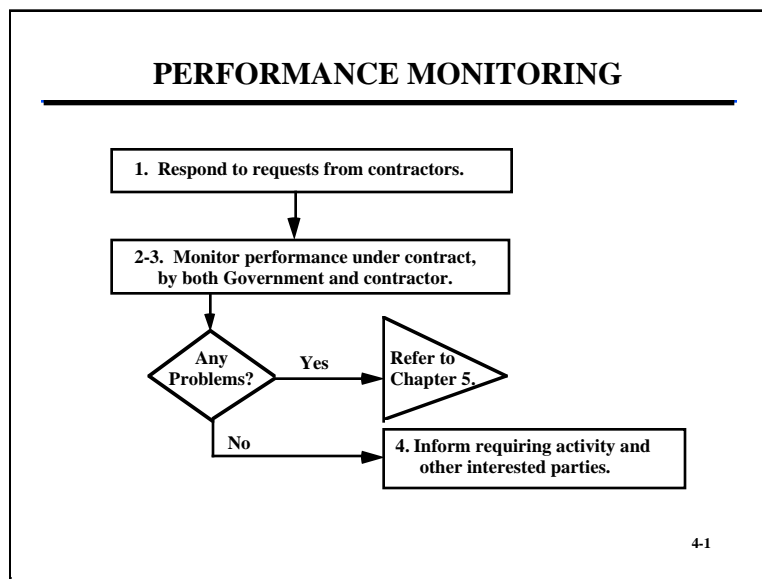
TOPIC 4.5: RECAP OF PERFORMANCE MONITORING**Ref:** Chapter 4, p. 1-28**Objective:** When this segment is completed, your students must be able to collect and interpret contract performance data.**Time:** 10:10 AM (10 minutes)**Method:** Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Review: Successful performance monitoring depends on how well you are able to keep yourself informed about what is happening and how alert you are to signs of potential problems. Performance monitoring is one of a contract administrator's most important duties. Yet, because each contract, contractor, and set of circumstances are different, there is no fixed procedure for monitoring contract performance other than following your contract administration plan and changing it when necessary to deal with unexpected difficulties.</p> <p>Performance monitoring depends on your ability to detect emerging problems. You do that by looking at "indicators" of how the contract is going, whether the contractor is making satisfactory progress and whether the Government is doing what it is supposed to do.</p> <p>Inspection and acceptance are tools to determine whether the contractor is meeting the contract's requirements for quantity, quality, and timeliness. The contract administrator rarely participates in conducting inspections and performing acceptance, but has to know how to deal with deficiencies when they are reported.</p>	




4-1

b. **Show:** (*Vugraph 4-1: Performance Monitoring Flowchart.*)



c. **Review:** (*Briefly comment on each step in the flowchart.*)

- Respond to contractor requests. You should see to it that the Government does nothing to unnecessarily impede the contractor's performance. The contractor needs reasonable access to the worksite, any materials or equipment to be furnished by the Government under the contract, and so forth. You must be careful, however, not to allow any deviations from the terms of the contract requested by the contractor that will affect cost, delivery schedules, or quality. You also must make sure you document all requests and that you reply in a timely way.

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Monitor the performance of Government representatives. You have to make sure everyone helping you monitor contract performance is fulfilling their responsibilities --- and not exceeding their authority. These representatives include the COR/COTR, inspectors, and others. Don't forget the importance of your own role. You have to keep track of the actions you must take during the life of the contract and make sure they are done on time. • Monitor the performance of the contractor. At a minimum, you should maintain an accurate record of the contractor's performance against the mileposts you established in the contract administration plan. In addition, you have to be alert to any other signs of impending problems, such as a change in the location where the work is being performed, that may result in a delay. • Inform others about the status of the contract. As the key person on the Government's team, you have to make sure everyone else is kept informed. Even when everything is going smoothly, you should maintain contact with other team members and let them know the contract is on track. 	
	d. Questions: Any questions? (<i>Answer student questions. Then proceed.</i>)	


TOPIC 5.1: INTRODUCTION TO LESSON 5

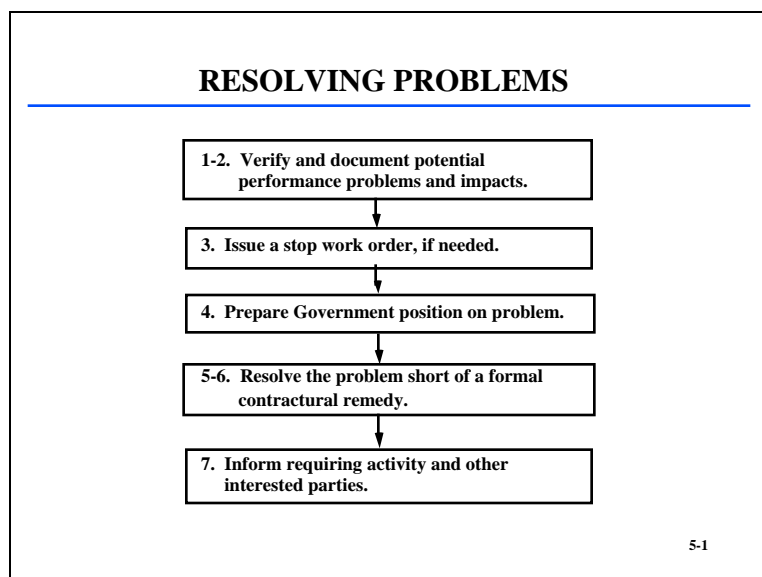
Ref.: Chapter 5, p. 1-38

Objective: When you have finished this introduction, your students must be able to define and identify contract performance problems and explain Government policy on how they should be resolved.

Time: 10:20 AM (10 minutes)

Method: Lecturette


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
 5-1	<p>a. Explain: Problems can arise at any time during the performance of any contract. In some instances, good planning and careful monitoring will help you prevent problems altogether or, as you learned in the last lesson, minimize their consequences. Sometimes, however, you will be faced with problems that are likely to affect contract performance. In this lesson you will learn about steps you should take when a significant problem comes up.</p> <p>b. Show: (<i>Vugraph 5-1: Resolving Problems Flowchart. Identify each step as it is explained.</i>)</p>	





c. **Explain:** This chart presents the major steps you are to take to resolve problems that will have an impact on contract performance:


- First, you have to verify and document the problem, and establish its probable impact. A failure on the part of the contractor or the Government is known as a "breach". This means one party or the other is not living up to the terms of the contract. You must determine whether a breach of contract occurred, or is likely to occur, and what the result is likely to be --- in costs, in delays, or in the quality or quantity of products or services that will be delivered.
- Next, you have to decide whether immediate action is needed to keep the problem or its consequences from getting worse. The FAR provides you with a mechanism for temporarily putting the problem, and the contract, on hold. This is called a "stop work order". By issuing a stop work order, you can create some breathing room, if you need it, to examine the problem more thoroughly and search for a sensible solution.

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Then, you have to determine why the problem occurred and where responsibility for the problem rests. A large share of problems involve a delay. Your task would be to establish whether the delay was caused by the contractor, by the Government, partly by both, or was beyond anyone's control. You have to investigate the problem and decide what the Government's position on responsibility for the problem will be. • Next, you have to see if the problem can be resolved. This may involve anything from negotiations with the contractor and requiring activity to identify what can be done to overcome the problem, to modifying the terms of the contract, to imposing remedies available under law, and/or to terminating the contract. In this lesson, we'll look only at informal solutions, including these that result in contract modifications. We'll look at more formal remedies in later lessons. • And, finally, you must document your solution, come to a final decision, and communicate it to the requiring activity and other interested parties. <p>d. Explain: Resolving contract performance problems is complex because there are so many different kinds of problems, and each has its own set of circumstances. Remember, what you want to do is solve the problem, preferably in a way that is acceptable to everyone concerned. You want to protect the Government's rights and, if possible, get the contract moving toward its satisfactory completion.</p> <p>e. Question: We've all had experience with someone else not living up to their part of an agreement, where a commitment to schedule, price, quantity, or quality was not met. Let's see if you can give me some examples.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>(Ask students to respond. List problems on chalkboard/flipchart and label each as to whether it is a problem with schedule, price, quantity, or quality. Some typical responses include:</i></p> <ul style="list-style-type: none"> • <i>late arrival of ordered goods</i> • <i>repairs delayed due to needed parts</i> • <i>unexpected charges for shipping, insurance</i> • <i>store is out of advertised sale item</i> • <i>firewood received is not a full cord</i> • <i>dish detergent leaves spots on glasses</i> • <i>leather cracks after a few months.</i>) <p>f. Explain: Problems also occur on Government contracts, and they sometimes are complicated. For example, a contractor is supposed to install a new air conditioning unit at a Government building. The work is not on schedule and it looks like delivery will be late. The contract administrator questions the contractor and is told that the manufacturer who was to supply the equipment has gone out of business. The contractor is trying to locate an alternative manufacturer whose equipment also meets the Government's specifications, but so far cannot identify any. The contractor is continuing its search but does not believe another source exists.</p>	
	<p>g. Question: If this contractor is unable to meet its obligations, is this a breach of contract? <i>(Encourage a discussion. Try to bring out the following points:</i></p> <ul style="list-style-type: none"> • <i>A breach occurs when there is inexcusable nonperformance; in this case, is the nonperformance excusable?</i> • <i>FAR, in 52.249-8 on Default, says that if "failure to perform arises from causes beyond the control and without the fault or negligence of the contractor," the contractor is not liable for damages.</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>What conditions are preventing the contractor from fulfilling its obligations? Can the Government change the specifications?</i> • <i>Is the Government at all at fault for incorporating specifications that can be met by only one supplier?</i> • <i>What would be a reasonable way to resolve this problem? What additional information is needed? How do you get this information?</i> • <i>Is it possible to change the specifications?</i> • <i>Is the need urgent?</i> • <i>Would the change in specifications affect the delivery schedule or price?</i> • <i>Would a change in specifications be a constructive change or a cardinal change?)</i> 	
	h. Question: Are there any questions before we go on? (Answer questions. Then proceed.)	

TOPIC 5.2: ESTABLISHING IMPACT AND COURSE OF ACTION

Ref.: Chapter 5, p. 5-9

Objective: When you have completed this segment, your students must be able to establish the impact of a problem and determine an appropriate course of action.

Time: 10:30 AM (25 minutes)

Method: Lecturette/Small Group Exercise

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: When a problem occurs, or even when you decide one is likely to occur, you immediately have to begin steps to protect the Government's interests. The first thing you must do is accurately document the problem. Don't jump to conclusions. If the COR says a contractor is late in delivery or the quality of its work is poor, contact the contractor to see if it sees things differently:</p> <ul style="list-style-type: none"> • the COR may have misinterpreted the delivery schedule • the contractor may be meeting all contract requirements even if the quality seems poor • someone on the Government's team may have instructed or permitted the contractor to be late or to meet lowered standards. <p>You have to investigate the problem and get everyone's views on record.</p> <p>b. Explain: Misunderstandings about contract requirements and disagreements about what the contract says are sometimes found to be the cause of a problem. Remember when we talked about the "pairs" problem, and whether a pair of alligator clips meant one item, as in a pair of pliers, or two items, as in a pair of candlesticks?</p>	




LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Exhibit 5-2 in your Text/Reference lists generally followed rules of contract interpretation. None of these specifically apply to the pairs problem, however, so the blame for the ambiguity will rest with the drafter of that requirement. In this case, that would be the Government unless it can be shown that the contractor interpreted the requirement as the drafter intended at the time the bid was prepared.</p> <p>c. Explain: When there is a problem, you must decide on an appropriate course of action. There are three broad possibilities:</p> <ul style="list-style-type: none"> • informal solution • formal remedy • termination of the contract. <p>d. Explain: In part, your choice of what to do will depend on the likely impact of the problem on schedule, price, quantity, quality, or some mix of these. Here again, first impressions can be misleading. For example, a few weeks delay on one contract may cause inconvenience for the requiring activity but not have any particular consequences. Even a delay of a day or two on another contract may seriously affect progress and costs for a sizable program. Extensive damage to a mission and the budget for that mission could result. By examining the likely impact, you and your contract administration team will be able to pursue a way of resolving the problem that will be least costly and have the fewest consequences.</p> <p>e. Explain: The course of action you choose also will depend in part on which party appears at fault. The Government has fewer options when the problem was due to its mistake than when the contractor is fully to blame. You have to read the contract carefully to establish what the requirements are, whether the requirements were met and, if not, which party is responsible.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>There are several ways the contractor can be at fault. One frequent problem is being late in delivery, a delay in performance. Another is failing to fully meet the contract's requirements or specifications, furnishing unacceptable products or services.</p> <p>The Government also may be at fault. It may have furnished incorrect specifications or was late in providing promised access, equipment, or information to the contractor. More often, the Government creates a problem by directing the contractor to do something beyond what the contract says. The Government has the right to unilaterally direct the contractor to do something different under the Changes Clause. This allows the Government to correct a mistake in the contract or respond to an urgent need in turn for an equitable adjustment, usually in the form of increasing the contract price.</p> <p>In some instances, the COR or another official may exceed his or her authority and direct a change that results in increased costs to the contractor or additional time for delivery.</p> <p>f. Explain: Finally, your course of action will depend, in part, on whether the contractor appears interested in arriving at a reasonable solution. Some contractors will be unwilling or unable to correct their own mistakes or to collaborate on resolving the Government's mistakes. If an informal solution seems unlikely, you may have to elect a formal remedy or terminate of the contract.</p> <p>g. Explain: In the remainder of this lesson, we will consider the steps involved in arriving at an informal solution to a performance problem. We'll look at formal remedies in Lesson 7, and at contract terminations in Lesson 8.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>h. Question: Any questions? (<i>Answer student questions.</i>)</p> <p>i. Assign: Turn to Exercise 5-1. We're going to go back to the Profitable contract and look at some problems that have arisen.</p>	
	<p>I want you to do two things. First, let's fill in a summary page for the Profitable contract similar to the one we did for the FONI contract. (<i>Call on students to answer.</i>)</p> <p>What's the:</p> <ul style="list-style-type: none"> • name of the contractor? (<i>Profitable Building Services, Inc.</i>) • contract number? (<i>FCA88-92-C-2121</i>) • name of the contractor's authorized representative? (<i>John Mahoney</i>) • amount of the contract? (<i>\$375,732 initial year</i>) • type of contract? (<i>fixed price</i>) • purpose of contract? (<i>provide janitorial and related services at Federal Office Building No. 3, Capital City</i>) • start date? (<i>February 1, 1993</i>) • end date? (<i>with four 1-year options, to January 31, 1998</i>) • name of the contracting officer? (<i>Mary Vonklaus</i>) • name of the contracting officer's representative? (<i>Carl Customs</i>) • name of the contract specialist administering the contract? (<i>Terry O'Day</i>) 	
	<p>On the next page of the exercise, there is a list of problems sent to you by Carl Customs. Work in your small groups to decide what kind of impact each problem will have, and what the Government's position should be on finding a solution. You will have 15 minutes to complete this exercise.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
<div data-bbox="240 1394 321 1478" data-label="Image"></div>	<p>j. Results: (At 10:50 AM) Let's see what you decided. <i>(Call on students to respond. Ask for differing opinions before moving on to the next topic. Answers should include assessment of impact and suggested Government position:</i></p> <ul style="list-style-type: none"> • <i>Utility work staff does not speak English: impact on timeliness, quality of services; English not a contract requirement in Section C-2(B) or on page III-J 32, but implicit in meeting the quality requirement</i> • <i>not enough towels in dispensers: impact on quality; requirement not in contract page III-J 5; COR could direct contractor's on-site supervisor to remedy as needed</i> • <i>damage to papers on desk: impact on quality, but problem not covered by contract; contractor could be directed to take steps to avoid future problems</i> • <i>locked room: impact on quality; contractor should have notified the COR when the problem was first detected</i> • <i>electrical overload: impact on quality, possibly price; Government responsible for power to operate equipment in C-5(A)(1)</i> • <i>postponed floor finishing: possible impact on price; could be authorized responsibility of the COR under E-1(B)</i> • <i>urgent rug shampoo: possible impact on price; an additional requirement/constructive change.)</i> <p>k. Question: Any questions? <i>(Answer student questions. Then proceed.)</i></p>	


TOPIC 5.3: ISSUING STOP WORK ORDERS**Ref.:** Chapter 5, p. 10-20**Objective:** When your students have completed this exercise, they must be able to:

- Decide whether to issue a stop work order.
- Prepare a stop work order notice.


Time: 10:55 AM (45 minutes)**Method:** Small Group Exercise/Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: When a performance problem occurs, the contract administrator often must take action quickly to prevent the problem from expanding and to make sure the products or services needed by the Government are delivered. The worst thing you can do is sit back and hope the problem will go away by itself.</p> <p>b. Explain: Many performance problems are quite complex. You may need to buy some time to investigate the issues and decide on a solution. Depending on the circumstances, one way to gain time would be to issue a "stop work order" covering all, or part, of the work called for by the contract. However, while a stop work order is in effect, the Government usually is liable for any increase in the contractor's costs or for any delay in delivery that may result. For example, when a stop work order is issued to a contractor manufacturing gadgets, the Government may become liable for the contractor's costs of maintaining the manufacturing equipment, of renting the manufacturing space, and of wages to workers who cannot be transferred to other jobs or laid off without advance notice. You have to carefully compare the cost of allowing the contractor to continue work with the cost resulting from a stop work order.</p>	



LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Explain: A stop work order should be issued only when a cost savings or some other gain will result from temporarily suspending contract performance. Usually this occurs when the contractor, the Government, or both are incurring costs without any productive work being accomplished. A stop work order should not be used in place of terminating a contract. For example, if a contractor is way behind schedule in remodeling office space, keeping that space from being used, it would do no good to issue a stop work order. That would only delay completion of the job even longer. Stop work orders are appropriate for many problems, on the other hand, such as:</p> <ul style="list-style-type: none"> • when there has been a change in the Government's requirements and the current contract will not produce the desired result • when the Government cannot provide the information, materials, or access the contractor needs to perform its work • when continued performance by the contractor will result in some kind of harm that then will have to be corrected. 	
	<p>d. Assign: We'll get together in groups to consider another problem that comes up on the Profitable cleaning contract. The problem is described in Exercise 5-2. Each group will examine the problem, and decide whether a stop work order should be issued. Use the information in Chapter 5 of your Text/Reference to guide you.</p> <p>Turn to Exercise 5-2 and begin. You will have 15 minutes to come up with your decision. List the reasons for it on (flipchart/scratch paper); each group will be asked to report on its conclusions when we finish. Any questions? <i>(Answer student questions. Then urge the students to begin work.)</i></p>	



LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>e. Results: <i>(After 15 minutes)</i> O.K., let's see what you came up with. What is the first thing you should have done? <i>(Call on a group spokesperson to respond. If that person's response is incorrect, ask other groups to answer.)</i></p> <p>The first thing you should have done is check the contract. You want to identify all of the terms in the contract that may affect your decision. For instance, you should check to see if the contract contains a stop work clause; this is FAR Standard Clause 52.212-13. Unless that clause is in the contract, you cannot issue a stop work order.</p> <p>f. Results: Now let's look at what you decided to do. <i>(Call on a group spokesperson to report on what the group concluded and its reasons. Call on additional groups for their comments and additions. Points that should be made include:</i></p> <ul style="list-style-type: none"> • <i>the problem is temporary</i> • <i>the contractor's performance otherwise is satisfactory</i> • <i>a stop work order would likely result in costs to the Government for nonproductive time</i> • <i>a contract modification to cover the contractor's increased costs probably would be needed</i> • <i>the lowered quality of work will have no lasting impact</i> • <i>a stop work order on all or part of the work would only result in no cleaning services at all</i> • <i>a stop work order would NOT be appropriate.)</i> 	
	<p>g. Question: Any questions? <i>(Answer student questions. Then proceed.)</i></p> <p>h. Explain: In some cases, however, a stop work order will be appropriate. Exercise 5-3 describes a problem with the FONI flower planting contract.</p>	

LESSON PLAN



Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Here, there appears to be a change in requirements. Unless some action is taken, the contractor will have installed the flowers in unsuitable containers at considerable expense to the Government.</p> <p>i. Assign: Turn to Exercise 5-3. Read the memo from Mr. Lincoln and the stop work order prepared by Norma Jackson. It contains several errors. Refer back to Chapter 5 in your Text/Reference and see how many errors you can identify in Norma's notice. This time, work by yourself rather than in a group. We'll take about 10 minutes for this exercise.</p> <p> j. Results: <i>(At 11:30 AM.) Let's see what errors you found in Norma's stop work order. Who wants to start? (Call on volunteers in turn for corrections and additions to Norma's letter. Summarize main points on a chalkboard/flipchart. Major errors and omissions in the letter include:</i></p> <ul style="list-style-type: none"> • <i>not acknowledging a 90-day limit on the stop work order</i> • <i>not explaining the reason for the stop work order</i> • <i>not indicating the contractor will be kept informed, or whom to contact for information</i> • <i>not being consistent in the work covered, either all work or all work except cleanup</i> • <i>not requesting a written acknowledgment of receipt of the notice</i> • <i>not indicating the contractor must assert its right to an adjustment in a timely way</i> • <i>not preparing the letter for signature by the by the Contracting Officer who has the necessary authority.)</i> <p> k. Results: Norma made several errors, but she also did several things correctly. Let's list those also. <i>(Call on volunteers to identify what Norma did correctly. Summarize the main points on a chalkboard/flipchart. Major desirable features include:</i></p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> <i>specifying the date and time the order is effective</i> <i>describing the work affected by the order</i> <i>instructing the contractor regarding subcontractors</i> <i>guiding the contractor regarding orders for materials and sources</i> <i>citing the contract clause under which the stop work order was issued.)</i> 	
	l. Question: Any questions? (<i>Answer student questions.</i>)	
	<p>m. Question: What happens now that a stop work order has been issued? What is the contractor required to do? (<i>Ask for answers. Try to obtain the following responses:</i></p> <ul style="list-style-type: none"> <i>the contractor should stop work except it must remove equipment, supplies, and debris</i> <i>the contractor should inform subcontractors and cancel or postpone orders placed with vendors</i> <i>the contractor should maintain a record of all costs incurred due to the stop work order.)</i> <p>What kinds of costs would the Government be liable for? (<i>Ask for answers. These should include:</i></p> <ul style="list-style-type: none"> <i>cost of removing equipment and supplies and then bringing them back to the site</i> <i>cost of employees not assigned elsewhere or terminated in a reasonable time</i> <i>cost of leasing or renting equipment</i> <i>costs incurred by subcontractors or incurred to cancel or postpone deliveries from vendors</i> <i>associated indirect costs.)</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>n. Explain: A stop work order is appropriate when you need time to further investigate a problem before taking action, or when continuing the work is not likely to be in the Government's best interests. You should not use a stop work order, however, if you recognize that the contract will have to be terminated. You also should weigh the use of a stop work order against the probable cost to the Government of an equitable adjustment covering the contractor's necessary expenses in complying with the order.</p>	
	<p>o. Question: Any questions? (<i>Answer questions.</i>)</p> <p>p. Announce: It's time for Lunch. We'll begin again at 12:40.</p>	
<p style="text-align: center;">LUNCH TIME: 11:40 AM (60 MINUTES)</p>		


TOPIC 5.4: INFORMAL PROBLEM RESOLUTION**Ref.:** Chapter 5, p. 18-35**Objective:** When you have completed this segment, your students must be able to describe the steps to be taken in informal problem resolution.**Time:** 12:40 PM (10 minutes)**Method:** Lecturette

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: <i>(Write the following list on a chalkboard or flipchart:</i></p> <ul style="list-style-type: none"> • <i>VERIFY PROBLEM</i> • <i>ESTABLISH IMPACT</i> • <i>STOP WORK ORDER?)</i> 	
	<p><i>(NOTE: You will add to this list in Lesson 6, and also use it in Lessons 7 and 8. Do not misplace it. You may want to tape it to a wall in the classroom where it will be visible during all lessons concerned with problem solving.)</i></p> <p>Let's see where we are:</p> <ul style="list-style-type: none"> • you have determined that a problem has occurred • you have determined that the problem is likely to have an impact on the schedule, cost, quantity, or quality • you have decided whether or not to issue a stop work order. <p><i>(Add to the list:</i></p> <ul style="list-style-type: none"> • <i>INFORMAL SOLUTION)</i> <p>Now you have to do something to resolve the problem.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>b. Explain: The simplest thing you can do is to resolve the problem within the contract. Many of the problems in the Profitable contract that we looked at probably can be resolved within the contract by talking with the contractor, the COR, or both. For example, the contractor would likely be willing to make sure the towel dispensers were full if reminded that dispensers are to be serviced as needed during the day (J-A[5]). Or, it may be possible to work out a solution to the postponed floor refinishing problem that was satisfactory to both the Government and the contractor, such as rescheduling the work to the following week.</p> <p>Many contracts contain provisions that make it easier for you to work within the contract to achieve a solution. These include various incentive clauses that tie the amount of profit to performance, and payment reduction provisions for unsatisfactory work such as in the Profitable contract. Knowing what steps you can take under a particular contract is essential to establishing the Government's position with respect to a problem.</p> <p>c. Explain: Not all problems can be resolved within the contract, however. The contractor may have been directed to provide services or products not required by the contract, or the contractor may have failed to comply with certain contract provisions such as being late in a delivery. These problems can be resolved by modifying the contract.</p> <p><i>(Add to the list:</i></p> <ul style="list-style-type: none"> • <i>MODIFICATION?)</i> 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>You must modify the contract to make any changes that affect schedule, price, quantity or quality. You cannot modify a contract, however, if the proposed change is a cardinal change, one that changes the scope of work, and you should not modify a contract if the contractor's performance suggests it is unable or unwilling to meet contract requirements. We will look more deeply at contract modifications in the next lesson.</p> <p>d. Explain: There are still other ways of resolving problems. <i>(Add to the list on the chalkboard or flipchart:</i></p> <ul style="list-style-type: none"> • <i>FORMAL REMEDY</i> • <i>TERMINATION)</i> <p>We'll look at formal remedies for performance problems in Lesson 7 and at terminating the contract in Lesson 8. Before you get to those, however, you should do your best to resolve the problem informally.</p> <p>e. Question: Let's go back to a couple of the Profitable contract problems. The COR directed the contractor to shampoo the Director's carpet and the contractor wants compensation for this added work. What should you do? <i>(Call on students to answer. Answer should include trying to resolve the problem informally, such as by negotiating a fair additional price with the contractor.)</i></p> <p>Now, how about the utility workers who do not speak English? What should you do? <i>(Call on students to answer. Answer should include trying to resolve the problem informally, such as getting the contractor to agree to provide English-speaking workers for these positions.)</i></p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
<div data-bbox="240 1024 321 1108" data-label="Image"> </div>	<p>f. Explain: Whether you can come to an agreement or not, it is critical that you prepare a memorandum for the file that describes what actions you took, what the outcome was, and the justification for any proposed change in schedule, price, quantity or quality that will become a contract modification. Documentation is essential even if a solution is not achieved and the result is either termination of the contract by the Government or a claim made by the contractor.</p> <p>g. Explain: It also is important to keep all other parties fully informed about what is happening. This includes the contracting officer, of course, the requiring activity, and the members of your contract administration team. You also should be alert to any potential impact your solution to the problem will have elsewhere, such as on a mission that depends on the satisfactory completion of your contract.</p> <p>h. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 5.5: DEALING WITH DELAYS

Ref.: Chapter 5, p.21-37


Objective: When this segment has been completed, your students must be able to characterize a contract performance delay by type and develop the Government's position regarding the delay.

Time: 12:50 PM (25 minutes)

Method: Seatwork Exercise/Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: Delays in contract performance, or anticipated delays, are among the most common problems encountered in contract administration. A delay can be a serious problem from several different perspectives.</p> <ul style="list-style-type: none"> • First, the delay may have a material effect on the value of the product or service to the requiring activity. A quantity of calendars have lost most of their value if delivered well into the year; snow removal services can be worthless days or weeks after the snow has fallen. • Second, the delay may have consequences for other, interrelated activities. A delay on the part of the contractor supplying certain critical parts or inspection services can keep other contractors from completing their work. • Third, tolerating a delay may not be fair to other contractors who may have declined to bid on the effort because of the time constraints or who had to bid a higher price than they would have if more time was available to complete the work. <p>The words "years behind schedule" are almost as forceful as "significant cost overruns" to those who are critical of Government contract management.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
 5-2	<p>b. Explain: As a contract administrator, you are responsible for recognizing delays, or potential delays, for investigating them to establish where the fault lies, for doing what you can to help overcome the delay, and for evaluating any claims for damages from the contractor for recoverable costs.</p> <p>c. Show: (<i>Vugraph 5-2: Types of Contract Performance Delays.</i>)</p>	

TYPES OF DELAYS

- Excusable Delays
- Nonexcusable Delays
- Co-Mingled Delays



5-2

- d. **Explain:** Here are the categories of delays. Each type is treated differently so when a delay is evident, you first have to determine what kind it is.


LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> Excusable Delays are those that are in no way the fault of the contractor. They may be due to some action or inaction on the part of the Government, such as directing the contractor to do additional work or failing to conduct a required inspection in a timely way. Excusable delays also may be ones due to acts of God or similar events described in the contract's Excusable Delays Clause (FAR 52.249-14) and listed in Exhibit 5-7 your Text/Reference. Inexcusable Delays are those caused by the actions or inactions of the contractor, including the contractor's negligence and inefficiency. It also includes problems that result from events that reasonably could be anticipated, such as a shortage of skilled labor or a breakdown in manufacturing equipment. A failure to perform due to a strike could be considered excusable or inexcusable depending on whether the contractor took reasonable steps to deal with the issues involved. Co-Mingled Delays are those where the Government and the contractor share the blame. One example is when the specifications or standards of performance provided to the contractor obviously are incomplete because pages are missing. Although the Government would be largely at fault, the contractor should have noticed the missing sections and have asked for a replacement. 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>e. Explain: The reason why establishing the cause and type of delay is so important is that further contractual action almost always will be required on your part. At the very least, you usually will have to amend the contract to show revised performance or delivery dates. For an excusable delay, you may have to compensate the contractor for any added costs involved. For an inexcusable delay, it may be appropriate to penalize the contractor or terminate the contract for default. We'll consider some of these actions later in this course.</p>	
	<p>f. Questions: Any questions about establishing the cause of a performance delay? (<i>Answer student questions. Then proceed.</i>)</p> <p>g. Assign: Turn to Exercise 5-4 on categorizing delays. It contains a memo for the file on what happened to the order for clothes lockers needed to support the Profitable building services contract. An order placed under a Federal Supply Schedule contract is considered part of that contract. Usually, you would read that supplier's entire FSS contract to see if there were any unusual clauses regarding late delivery. For this exercise, however, assume no special delay clauses apply. You will have 10 minutes to read the memo, come to a decision, and outline your reasons.</p>	
	<p>h. Results: (<i>After 10 minutes.</i>) O.K. Let's see a show of hands. How many of you decided the delay was excusable? (<i>Count hands and record on chalkboard or flipchart.</i>)</p> <p>How many decided it was inexcusable? (<i>Count hands and record.</i>)</p> <p>And how many decided the causes were co-mingled? (<i>Count hands and record; make sure everyone has participated.</i>)</p>	

LESSON PLAN




Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>i. Results: Who wants to explain their reasons? (<i>Call on a volunteer or select a student to respond. List the reasons given on a chalkboard or flipchart. Call on students representing each decision if more than one decision was chosen. Continue to collect reasons and/or rebuttals until all points of view are heard. The following reasons for an excusable delay should arise; probe for them if they are not mentioned:</i></p> <ul style="list-style-type: none"> • <i>the Government neglected to include the color of the lockers in the order</i> • <i>Mr. Customs took longer than reasonable to reply.)</i> <p>Although some further investigation of the facts might be appropriate, most contract administrators would decide this was an excusable delay due primarily to the Government's failure to specify the color. The late reply from Mr. Customs was a contributing factor. The contractor cannot be expected to meet its timetable until it has a complete order in hand.</p> <p>j. Explain: Next is the problem of what you do about a delay. For excusable delays, like this one, there are a number of alternatives you can explore with the requiring activity and the contractor to resolve the problem. One possibility is that you can issue a time extension if this is acceptable to the requiring activity. If you issue a time extension, what principles are involved? (<i>Ask students for suggestions. Probe to elicit at least:</i></p> <ul style="list-style-type: none"> • <i>the length of the extension should be consistent with the span of the excusable delay</i> • <i>the contractor may be entitled to recover additional costs.)</i> 	



LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>k. Explain: Another possibility is that you and the contractor can find a way to make up the lost time. Although the Government may have to reimburse the contractor for additional costs, there often are several ways performance or delivery can be speeded up to meet the requiring activity's deadlines. Who can suggest some? (<i>Ask students to provide possibilities. Responses may include:</i></p> <ul style="list-style-type: none"> • <i>shipping by a faster method</i> • <i>using overtime</i> • <i>reducing or eliminating certain requirements</i> • <i>adding subcontractors.</i>) <p>l. Explain: A contractor may be entitled to recover added costs as a consequence of an excusable delay regardless of whether the Government simply extends the period of performance or requires the contractor to make up part or all of the delay. However, the burden of proof that additional costs actually were incurred is on the contractor.</p>	
	<p>m. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	




TOPIC 5.6: RECAP OF PROBLEM RESOLUTION**Ref.:** Chapter 5, p. 1-38

Objective: When you have completed this review, your students must be able to describe the policies and procedures that apply to contract performance problems, including issuing a stop work order and establishing the Government's position regarding an performance delay.

Time: 1:15 PM (10 minutes)**Method:** Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Question: Let's look back over what you learned about preventing and dealing with problems. Your contract administration plan and performance monitoring activities are designed to do what? (<i>Ask students to answer. The desired answer is:</i></p> <ul style="list-style-type: none"> • <i>Detect problems or potential problems as early as possible.</i>) <p>Now, what is your goal when you do detect a performance problem? (<i>Ask students to answer. The desired answer is:</i></p> <ul style="list-style-type: none"> • <i>Resolve the problem in a way that is fair and equitable to both the Government and the contractor.</i>) 	
 5-1	b. Show: (<i>Vugraph 5-1: Resolving Problems Flowchart.</i>)	
	<p>c. Question: When you detect a performance problem, these are the steps you are likely to follow, depending on the nature of the problem. These steps apply when work under the contract is likely to continue. Your approach will be different if the contract will be terminated because:</p> <ul style="list-style-type: none"> • of fraud or other violation on the part of the contractor 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> the Government ceases to have a need for the product or service the contractor is unable or unwilling to perform satisfactorily. <p>Who can tell me what's involved in this top step? (<i>Ask students to answer. Continue probing until the following points have been made:</i></p> <ul style="list-style-type: none"> <i>identify and document the problem</i> <i>identify and document the cause(s)</i> <i>identify and document the impact.</i>) 	
	<p>d. Question: Who can explain when and why the Government would issue a stop work order? (<i>Ask students to respond. Continue probing until the following points have been made.:</i></p> <ul style="list-style-type: none"> <i>a problem exists that must be resolved</i> <i>time is needed to arrive at a solution</i> <i>unproductive costs are or will be incurred.</i>) 	
	<p>e. Question: Whether you have issued a stop work order or not, it is your responsibility to try to resolve the problem. There are three approaches you can take. What are they? (<i>Ask students to answer. Continue probing until the following answers are given:</i></p> <ul style="list-style-type: none"> <i>informal solution</i> <i>formal remedy</i> <i>termination.</i>) <p>An informal solution can be one within the existing contract or it can be one that requires a modification to the contract.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>f. Question: One of the most frequent problems in contract performance is a delay, or expected delay, in the completion of the work. What are the three types of delays, and what do they mean? (<i>Ask students to respond. Continue probing until the correct answers are given:</i></p> <ul style="list-style-type: none"> • <i>excusable, due to Government actions or inactions, or due to uncontrollable events</i> • <i>inexcusable, due to contractor actions or inactions</i> • <i>co-mingled, due in part to both excusable and inexcusable causes.</i>) 	
	<p>g. Question: What are at least three ways of overcoming an excusable delay if you have the agreement of the requiring activity? (<i>Ask students to respond, continue probing until the following approaches have been suggested:</i></p> <ul style="list-style-type: none"> • <i>provide additional time to complete the work</i> • <i>get the contractor to accelerate the work</i> • <i>reduce the quantity, relax the standards, or otherwise make it possible to complete the work on time.</i>) <p>h. Explain: Finally, of course, you must document the facts leading up to your decision, the reasons for your decision, and the decision itself. Remember, only a Contracting Officer, or for certain actions, someone even higher in authority, can change the terms of a contract such as approving an increase in time, agreeing to a change in requirements, or suggesting a remedy where the contractor will incur additional costs.</p>	
	<p>i. Question: Any questions about what we covered in this lesson? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 6.1: INTRODUCTION TO LESSON 6

Ref.: Chapter 6, p. 1-45


Objective: When you have completed this introduction, your students must be able to determine when a contract modification is appropriate and identify the type of modification required.

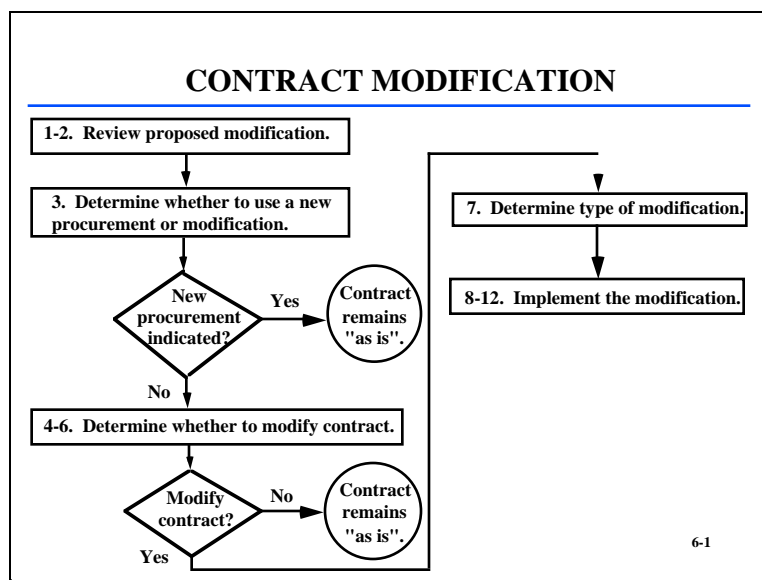
Time: 1:25 PM (20 minutes)

Method: Lecturette/Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: In the last lesson, on Resolving Problems, you learned that performance problems, whether excusable or inexcusable, often result in the need for a contract modification. In this lesson, you will learn when and how contract modifications are issued. Although final decisions about contract modifications rest with the Contracting Officer, as a contract administrator you may be responsible for identifying when a modification is needed, for exploring the type of modification, for negotiating its terms with the requiring activity and the contractor, and for preparing unilateral changes. You also may be called upon to prepare modifications to implement administrative changes needed to update a contract document, or exercise a contract option.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
 6-1	b. Show: (<i>Vugraph 6-1. Contract Modification Flowchart.</i>)	




c. **Explain:** This chart shows what you have to do to determine whether a contract modification is appropriate, assemble the information you need, and prepare the modification. Let's go through these steps very briefly. (*Point to each step as it is explained.*)

- First, you have to decide whether a modification is needed. You need a modification to change the language of the contract; whether the change is requested by the contractor, initiated by the Government, or required to implement a solution to a contract problem. Solutions that fall within the existing language of the contract do not require a contract modification.


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Second, you have to decide whether a modification is allowable. A modification is not allowed if it calls for work outside the scope of the original contract or if it will provide the contractor with a materially greater profit than it otherwise would achieve. You cannot use a modification to respond to changes in the Government's requirements that go beyond the scope of the original contract; if there is a cardinal change you should terminate the existing contract and issue a new procurement instead. • Third, you have to decide whether the modification is desirable. You don't have much choice about modifications to overcome a Government-caused problem, to make an administrative change, or to satisfy a price-escalation clause in the basic contract. You do have a choice, however, regarding the exercise of an option or acceptance of a value engineering proposal. A value engineering proposal is a contractor's suggestion for ways of improving quality or reducing costs. The Government encourages these proposals by allowing the contractor increased profits, but value engineering proposals must be evaluated carefully to establish whether they actually will be advantageous. • Fourth, you have to determine what procedure you are to follow in preparing the modification. Modifications for different purposes have different requirements as to the information you must assemble and the particular steps you must accomplish. There also are set procedures for unilateral modifications initiated by the Government and for executing options that are contained in the underlying contract. • And, fifth, you have to prepare any agreements needed to implement the modification, prepare the contract modification itself using an SF30 or its equivalent, and get the necessary signatures. 	


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	
	<p>e. Explain: A contract modification is required for any of several reasons:</p> <ul style="list-style-type: none"> • to change the quantity, quality, duration, or price of the work • to compensate the contractor for costs incurred as the result of an excusable delay, stop work order, constructive change specified by the Government, or in the settlement of a termination for convenience • to effect a value engineering change • to formalize an agreement with the contractor to compensate the Government for an inexcusable delay • to put in effect a price change, such as an economic price adjustment, specified by the terms of the contract • to reflect a name change or novation on the part of the contractor • to make administrative corrections in the contract document, such as the address where contractor invoices should be sent • to execute an option under the terms and conditions of the contract. <p>f. Explain: On the other hand, a contract modification should not be contemplated when:</p> <ul style="list-style-type: none"> • no real change in the contract is required • the requiring activity rejects a technical change proposed by the contractor 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> the contractor fails to provide sufficient technical, cost, or legal information to support the change sufficient funds are not available to support an increase in price continued performance under the contract or under an option is not in the best interest of the Government there has been a change in requirements substantial enough to fall outside the scope of the contract. <p>g. Explain: There are three basic kinds of modifications.</p> <ul style="list-style-type: none"> A Supplemental Agreement is one that follows negotiations with the contractor. It may adjust the price, schedule, quantity, or quality of the product or service from what was stated in the contract to accommodate changes in contract requirements, deficiencies in contractor performance, or opportunities to gain additional benefits. <p>Supplemental agreements are used when there is time to negotiate a solution to a problem, to finalize agreements on an equitable adjustment resulting from a unilateral modification, or to take advantage of a contractor suggestion that would be beneficial to the Government.</p> <ul style="list-style-type: none"> A Unilateral Modification is one issued by the Government to formalize a change order or to implement some other action authorized by a clause in the contract. Unilateral modifications are used when the need is too urgent to permit negotiations with the contractor, such as when there is a need to correct erroneous specifications for work already in progress. A unilateral modification does not require the contractor's signature to become effective. 	


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> An Administrative Change is used to modify the contract when the change is expected to have no material impact on the contractor. It might substitute a new COR from the one named in the contract, change the address where invoices are to be sent, or reflect a new company name adopted by the contractor. Administrative changes are a form of unilateral changes, but they don't affect price, schedule, quantity, or quality. <p>h. Question: Let's see if we got this straight. What kind of modification would be used if a new Federal law was passed requiring all contractors to double the minimum wage paid to employees? <i>(Ask for answers and obtain reasons. Students should answer: unilateral change, because it is a legal requirement.)</i></p> <p>What kind of modification would be used if the contractor offered to reduce the price if the Government would accept late delivery, and the Government agrees to this? <i>(Ask for answers and obtain reasons. Students should answer: supplemental agreement, because both parties agree to a change in contract terms.)</i></p> <p>i. Assign: Take a few minutes to look at the memo from George Lincoln in Exercise 6-1. When we last looked in on the FONI flower contract, Norma Jackson issued a stop work order after the contractor informed the COTR that the drain holes at the bottom of the planters had to be unplugged. After the stop work order was issued, Norma was able to confirm that the holes indeed had to be opened, that the price Mr. Potts quoted to Mr. Lincoln, \$4,200, was reasonable, and that Mr. Lincoln had funds to cover the additional costs. She then asked Mr. Potts, the FONI president, to make a formal offer regarding the cost to the Government of removing the plugs. She also informed Mr. Potts that once the plug removal problem was resolved, he could submit a claim regarding any excess costs FONI incurred as a result of the stop work order.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Read the memo and decide whether a contract modification covering this additional work is appropriate. If it is, decide on the type of modification you would use. You will have 5 minutes for this exercise. Any questions? <i>(Answer student questions. Then encourage them to begin work.)</i></p> <p>j. Results: <i>(After 5 minutes).</i> O.K., let's see how you did. First, let's have a show of hands on whether you decided a modification is appropriate. How many said "yes?" <i>(Count hands and announce result.)</i> How many said "no?" <i>(Count hands and announce result.)</i> I agree with the "yes's."</p> <p> k. Results: Now let's look at why the contract should be modified. Several factors are important. Who wants to suggest one? <i>(Obtain suggestions from students. Record each reason on a chalkboard or flipchart. Continue soliciting reasons, coaching the class if necessary, until at least the following are suggested:</i></p> <ul style="list-style-type: none"> • <i>additional work is required</i> • <i>the price will change (both for the added work and for costs due to the stop work order)</i> • <i>the schedule will change (due both to the stop work order and the additional work)</i> • <i>a new solicitation would not be desirable (considering small cost and ultimate delay).</i> <p>l. Results: Now let's see what kind of modification should be prepared and why. <i>(Call on students to answer. Prompt the students if necessary to get the following answers:</i></p> <ul style="list-style-type: none"> • <i>supplemental agreement: yes, added work, price, and schedule agreed to by both parties, but a modification is needed to incorporate these changes into the contract.</i> 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>unilateral change: no, there is sufficient time to negotiate a change in price and schedule before work must begin.</i> • <i>administrative change: no, there are changes in the work to be performed.)</i> <p>m. Explain: There is one additional use of modifications that we have not discussed so far. That is to exercise an option. An option provision in a contract enables the Government to increase the quantity of items or extend the duration of services at a cost determined at the time of the original award. Exercise of an option is a unilateral prerogative on the part of the Government; the contractor will be in default if it refuses the additional work. But the Government does not have to exercise an option. It is free to seek the additional products or services through a new procurement or not obtain them at all if its requirements change. For this reason, an option is exercised by issuing a unilateral change modification. Under the option clause, however, preliminary notice must be issued to the contractor at least 60 days prior to the expiration of the current contract and the modification itself must be issued 30 days before the current contract expires.</p> <p> n. Question: Any questions? (<i>Answer student questions.</i>)</p> <p>o. Announce: We'll take a Break now.</p>	

BREAK

TIME: 1:45 PM (20 MINUTES)


TOPIC 6.2: PROBLEM RESOLUTION EXERCISE

Ref: Chapter 6, p. 5-16



Objective: When your students have completed this exercise, they must be able to analyze a contract problem, suggest a suitable solution, and determine if a modification is needed.

Time: 2:05 PM (40 minutes)



Method: Small Group Exercise

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: As we saw in the last lesson, finding a way to resolve a contract problem is not always easy, but it is necessary. The longer you let a problem sit, the worse it will get. Usually, you will want to involve other members of your contract administration team when you look for a solution. You may need their technical knowledge or grasp of the contractor's capabilities. You may need assistance from legal or financial experts. And you may want to get as many ideas as you can.</p> <p>b. Explain: When you determine a suitable solution, you may have to implement that solution with a contract modification. A contract modification is not required if your solution falls within the language of the existing contract. But you will need to modify the contract when the solution alters the language of the contract in any way. You should consider the need for, and the kind of, modification that would be required to implement your solution.</p>	
	<p>c. Explain: Let's go back to this list of steps for resolving a contract problem. (<i>Point to list of steps developed in Lesson 5.</i>) Here is what you've learned about (<i>point to each item in turn</i>):</p> <ul style="list-style-type: none"> • verify problem • establish impact • stop work order? • informal solution • modification? • formal remedy • termination. 	

LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>We have only touched on "formal remedy" and "termination" so far, but we will look more closely at these steps before the course ends. But we do have to take a closer look at resolving problems using informal solutions and, possibly, modifications.</p> <p>d. Assign: At this point, we're going to work in our small groups again to look at some more problems that have occurred with the Profitable contract. Your group should analyze each problem and answer some questions about what should be done.</p> <p>Look at Exercise 6-2. It has another memo from Carl Customs that describes six new problems. There also are six analysis sheets. Fill out one sheet for each problem. Try to find an acceptable solution. You will have about 25 minutes to find a way to resolve all five problems.</p> <p>e. Results: <i>(After 25 minutes.)</i> O.K., let's see what you came up with.</p> <p><i>(Call on a group to present its analysis and solution for the first problem. Then ask other groups to comment. Call on a second group for the second problem, and so forth.)</i></p>	
	<ul style="list-style-type: none"> The first problem dealt with raking leaves. Do you need to resolve this problem? Why? <i>(Possible answer: Yes. The requiring activity wants the leaves raked.)</i> Is a stop work order appropriate? <i>(The Government failed to include leaves in the specifications.)</i> Your solution? <i>(The contractor could be directed to rake leaves under the changes clause.)</i> Is a modification required? <i>(Yes. To provide an addition to the statement of work and to provide an equitable adjustment.)</i> What kind? <i>(Supplemental agreement if an agreement can be reached; or a unilateral change if agreement is not reached.)</i> 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> The next problem was the one on high cleaning. Does this problem have to be resolved? Why? <i>(Possible answer: Yes. Work called for under the contract is not being performed.)</i> Would you issue a stop work order? <i>(No. The work already is halted; but a stop work order should be issued if the contractor resumes the work with ladders.)</i> Which party is responsible? <i>(The contractor is responsible for performing the work safely and agreed to do the work.)</i> What is a solution? <i>(The contractor should continue trying to find a way; if not, the requirement should be eliminated from the contract and the price reduced.)</i> Will a modification be needed? <i>(Yes, if the work requirement is eliminated or the contract price is reduced.)</i> What kind of modification? <i>(A supplemental agreement, if possible.)</i> 	
	<ul style="list-style-type: none"> The third problem was the employees' protest over the lockers. Do you have to do anything? <i>(Possible answer: Yes. The problem is resulting in an extra cost to the Government.)</i> Should you issue a stop work order? <i>(No. It wouldn't accomplish anything.)</i> Which party is responsible? <i>(Both; the Government failed to provide the lockers, but the contractor should have taken steps to prevent that from interfering with the work.)</i> Did you come up with a solution? <i>(The Government is not likely to recover its extra costs from the contractor, nor from the locker supplier. It might have to continue with the extra costs until the lockers arrive.)</i> Is a modification required? <i>(Probably not if the lockers arrive because there would be no change in the contract.)</i> 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
?	<ul style="list-style-type: none"> Problem four involved the defective marble cleaner. Does something have to be done? (<i>Possible answer: Yes. Right now, the marble surfaces are not being cleaned as called for.</i>) Is a stop work order needed? (<i>No. The COR only wants the contractor to discontinue using the cleaner, not the cleaning.</i>) Who is responsible? (<i>Both. The Government because the product met its specifications, but the contractor was not obligated to purchase that specific product or quantity, and it is responsible for the appearance of the marble.</i>) What about a solution? (<i>The Government should expect the contractor to use the appropriate product without additional compensation.</i>) Do you need a modification? (<i>No. There is no change in the contract.</i>) 	
?	<ul style="list-style-type: none"> The fifth problem is the ice storm. Is this a problem that something has to be done about? (<i>Possible answer: No. The contractor could not perform due to an Act of God and no deduction will occur in that the Government incurred no expense.</i>) Should you issue a stop work order? (<i>No.</i>) Which party is responsible? (<i>Neither.</i>) What solution would you suggest? (<i>None.</i>) Is a modification needed? (<i>No.</i>) 	
?	<ul style="list-style-type: none"> The last problem was the smoke free environment. Is this an issue you must do something about? Why? (<i>Possible answer: Yes. The regulation applies to this contract.</i>) Is a stop work order appropriate? (<i>No. However, one may be needed if the smoking persists.</i>) Which party is responsible? (<i>The Government has added this as a contract requirement.</i>) Your solution? (<i>The clause must be added to the contract whether the contractor agrees or not.</i>) Do you need a modification? (<i>Yes, to add the clause to the contract.</i>) What kind? (<i>A unilateral change.</i>) 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	f. Question: Are there any questions? (<i>Answer student questions. Then proceed.</i>)	



TOPIC 6.3: CONTRACT ADMINISTRATOR RESPONSIBILITIES



Ref.: Chapter 6, p. 5-34

Objective: When you have completed this segment, your students must be able to describe the contract administrator's responsibilities with respect to various types of modifications.

Time: 2:45 PM (45 minutes)

Method: Small Group Exercise

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: As a contract administrator, you have significant responsibilities when you put together a contract modification. You have to be sure the modification is appropriate, that it is needed, and that you have assembled all of the necessary documentation. The procedure for a contract modification depends in part on the type of modification.</p>	
	<p>b. Assign: I'm going to ask you to work in small groups to prepare presentations to the rest of the class on what is involved in making various kinds of contract modifications. The directions are in Exercise 6-3. In summary, I'll assign one type of modification to each group. The group will review the procedures in Chapter 6 for that type of modification and prepare a 3- to 5-minute presentation on that procedure to give to the class. Each group should choose a spokesperson to make the presentation; you cannot select anyone who has served as a spokesperson already.</p>	
	<p>Any questions? (<i>Answer student questions.</i>)</p> <p>Here are your assignments. Use (flipchart/scratchpaper) to plan your group's presentation. Try to make the presentation as interesting and imaginative as possible. (<i>Assign one type of modification to each group. If there are four groups, assign the first four types; if there are five groups, assign all five types.</i>)</p> <ul style="list-style-type: none"> • novation agreement 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>supplemental agreement</i> • <i>unilateral modification</i> • <i>exercise an option</i> • <i>name change.</i> <p>You will have 20 minutes to plan your group's presentation.</p> <p>c. Results: <i>(At 3:05 PM) I hope you all have finished planning your presentations. (Call on one group for its presentation.)</i></p> <p> <i>(When the first group is finished, ask for comments and questions.) Are there any comments? Anything you want to add? Any questions? (The spokesperson or anyone in that group should respond to each question or comment. Do not encourage lengthy discussions.)</i></p> <p> <i>(Review each presentation against the outline below. If any item was omitted or stated incorrectly, and the error was not raised by the class, ask questions yourself that raise the issue.)</i></p> <p><i>(Then call on another group for its presentation followed by a brief discussion. Continue until all groups have had their turn.)</i></p>	
CONTRACT MODIFICATION ISSUES AND PROCEDURES		
NOVATION AGREEMENT		
<ul style="list-style-type: none"> • Novation agreements transfer responsibility for contract performance to another company. • A contractor will initiate the request for a novation modification. 		

- The contracting office administering the largest unsettled dollar value affected is responsible.
- Procedure:
 - 1a. Compile the required documents (see Exhibit 6-7).
 - 1b. Obtain legal review of the novation agreement.
 - 2a. Review the suitability of the transferee (eligible, meets financial standards, etc.).
 - 2b. Approve the novation agreement.
 - 3a. Obtain transferor and transferee signatures on agreement.
 - 3b. Obtain Contracting Officer's signature on agreement.
 4. Prepare and issue a unilateral contract modification covering all contracts affected.
 5. Distribute the modification.

SUPPLEMENTAL AGREEMENT

- Supplemental agreements change the requirements, price, and/or schedule.
- Supplemental agreements must be consistent with the original scope of work.
- Supplemental agreements should not result in a profit to which the contractor is not entitled.
- Procedure:
 1. Obtain the contractor's proposal.
 2. Evaluate the contractor's proposal.
 3. Do factfinding on the terms of the proposal.
 4. Develop the Government's position on price.
 5. Prepare strategies for negotiations.
 6. Conduct negotiations with contractor.
 7. Prepare the modification agreement (using SF30 or alternate).
 8. Obtain a release of further claims.
 9. Document the file and distribute the modification.

UNILATERAL MODIFICATION

- Unilateral modifications are used to accomplish administrative changes, substantive changes that must be made quickly, and changes such as issuing a stop work

order or termination notice as prescribed by clauses already in the contract.

- Unilateral modifications can be made only under the authority of a clause in the contract.
- Unilateral modifications usually will be followed by a bilateral modification if price or cost to the contractor is affected.

Procedure:

1. Incorporate the change in your contracting office suspense system.
2. Identify the contract clause authorizing the action.
3. Determine whether to issue a telegraphic order.
4. Prepare and issue the unilateral modification.
5. Inform the contractor of its obligation to continue work with the change.
6. Inform the contractor to segregate costs due to the change.
7. Document the file and distribute the change order modification.
8. Definitize the change by negotiating an agreement and issuing a bilateral modification if needed.

EXERCISING AN OPTION

- The Government has the unilateral right to exercise an option contained in the original contract.
- An option allows the Government to increase the quantity of products or the duration of services at the price offered by the contractor in the original proposal.

Procedure:

1. Verify that an option clause is contained in the original contract and that the option was specified in the original Commerce Business Daily synopsis.
2. Consult with the requiring activity to determine whether further products or services are needed and funds are available.
3. Decide whether it would be advantageous for the Government to exercise the option considering

current market conditions and the contractor's performance.

4. Provide notice to the contractor of the Government's intent to exercise the option if required by the applicable clause (FAR 52.217-9).
5. Prepare a modification, using SF30 or its equivalent, for the Contracting Officer's signature.
6. Distribute the modification.

NAME CHANGE

- Name changes are used when the name of the contractor has changed, but responsibility for contract performance remains with the same company.
- A contractor will initiate the request for a name change.
- The contracting office administering the largest unsettled dollar value of affected contracts is responsible.
- Procedure:
 - 1a. Verify that the contractor's basic rights are not affected.
 - 1b. Obtain legal review of the documentation submitted by the contractor.
 2. Prepare and execute a change-of-name agreement, if appropriate.
 3. Obtain the contractor's signature on the agreement.
 4. Prepare a contract modification incorporating the agreement for the Contracting Officer's signature.
 5. Distribute the modification.

- d. **Announce:** *(At 3:30 PM)* This is the end of class today. Your assignment is to read Chapters 7, 8, 9, and 10 in your Text/Reference before class begins tomorrow. This is a heavy reading assignment, so don't put it off.

END DAY THREE
TIME: 3:30 PM

DAY FOUR


TOPIC 6.5: RECAP OF MODIFICATIONS




Ref.: Chapter 6, p.1-45




Objective: When you have finished this review, your students must be able to identify and explain the various types of contract modifications.

Time: 8:00 AM (15 minutes)

Method: Interactive Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: We've looked at contract modifications and how they are used to change the wording of a contract. One of the most important uses of modifications is to formalize the solution to a problem. But we also use modifications for other purposes. Yesterday, we learned that there are three basic types of modifications. Can you name them? (Ask students to answer. Answers should include:</p> <ul style="list-style-type: none"> • <i>unilateral modifications</i> • <i>supplemental agreements</i> • <i>administrative changes.</i>) 	
	<p>b. Question: OK. Who can explain a unilateral modification? (<i>Call on students to answer. Continue to probe until the following main points have been made:</i></p> <ul style="list-style-type: none"> • <i>modification initiated by the Government</i> • <i>does not involve contractor agreement</i> • <i>used for redirecting work, exercising options, stop work orders, terminations</i> • <i>must have authorizing clause or provision in underlying contract.</i>) 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Question: Next, can you tell me about a bilateral agreement. <i>(Call on students as before; continue until obtaining the following points:</i></p> <ul style="list-style-type: none"> • <i>is agreement between Government and contractor</i> • <i>may involve change in quantity, schedule, quality and/or price</i> • <i>modification should include a release of claims</i> • <i>often needed following excusable delays or changes in requirements</i> • <i>may be initiated by the contractor as well as the Government</i> • <i>must be consistent with contract's scope of work.)</i> 	
	<p>d. Question: How about an administrative change? <i>(Call on students as before. Begin to call on students who have not yet contributed to this discussion. Continue until the following points emerge:</i></p> <ul style="list-style-type: none"> • <i>usually a unilateral change</i> • <i>may correct simple error or make minor change, such as invoicing address</i> • <i>includes novation agreements and name changes.)</i> 	
	<p>e. Question: A modification is needed any time there is a change in the language in the contract. Let's look at a few examples.</p> <p>A contract has been issued to manufacture spare parts and the work is underway. The requiring activity suddenly contacts you to say an emergency has developed and the parts are needed 60 days sooner than scheduled by the contract. What do you do? <i>(Ask for answers. The answers should include:</i></p> <ul style="list-style-type: none"> • <i>you could try for a bilateral agreement with the contractor to speed up work by agreeing to added costs, and then preparing a supplemental agreement.</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> <i>you could direct the contractor to speed up work with a unilateral modification and later come to an agreement on price and other terms that would be formalized by a supplemental agreement.)</i> 	
	<p>f. Question: Now try this problem.</p> <p>A contract has been awarded to install lights in a parking area being constructed by another contractor. However, severe rains have delayed the lot construction effort, preventing the light installer from beginning in time to finish by the scheduled completion date. What do you do? (<i>Ask for answers. The answers should include:</i></p> <ul style="list-style-type: none"> <i>you should try for a bilateral agreement that extends the due date, at little or no additional cost to the Government, and prepare a supplemental agreement.</i> <i>you should not prepare a unilateral modification to speed up work unless the need was particularly urgent.)</i> 	
	<p>g. Question: One more.</p> <p>A contract is underway for a videotape to be used in recruiting clinical personnel for your agency. However, new legislation just signed by the President significantly reduces your agency's budget and eliminates the need for additional hires. What do you do? (<i>Ask for answers. The answers should include:</i></p> <ul style="list-style-type: none"> <i>prepare a unilateral modification terminating the contract; a stop work order would not be appropriate because the need for the videotape has been eliminated.)</i> 	
	<p>h. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 7.1: INTRODUCTION TO LESSON 7

Ref: Chapter 7, p. 1-44


Objective: When you have finished this introduction, your students must be able to identify and explain the use of Government contracting remedies.

Time: 8:15 AM (20 minutes)

Method: Lecturette

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: We ended the last lesson looking at some problems requiring the preparation of a contract modification. Let's look at one more problem.</p> <p>A contract has been issued to develop new software for your agency's work planning and budgeting system. The new software is delivered on time, but it quickly becomes evident that it has a number of defects and does not do what it is supposed to do. The contractor says that the software worked well in its tests and that the Government simply isn't using the software properly. It refuses to accept responsibility for any defects.</p> <p>We will look at how to resolve this kind of problem in this lesson.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>b. Explain: One of your most important responsibilities in monitoring contract performance is to make certain the Government is receiving what it is paying for. The contractor may not be willing or able to live up to the terms of the contract. In some instances, the contractor's performance simply will be unsatisfactory:</p> <ul style="list-style-type: none"> • in the quality of supplies or services • in the timeliness of deliveries • in the cost of performance under a cost-reimbursable or similar type of contract. 	
	<p>c. Question: In the ordinary commercial world, what can you do when a product or service you are paying for turns out to be unsatisfactory, or late, or so loaded with unexpected extra costs that you feel you are not getting your money's worth? (<i>Ask the class for suggestions, which may include some or all of the following:</i></p> <ul style="list-style-type: none"> • <i>complain to the supplier</i> • <i>return the item for refund</i> • <i>try to get an adjustment</i> • <i>hire a lawyer, file suit</i> • <i>start criminal proceedings.</i>) <p>These remedies all are available to you, but you would choose the one that best fit the circumstances.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	d. Show: (<i>Vugraph 7-1. Formal Remedies.</i>)	

FORMAL REMEDIES

- ✕ Cure / Show Cause Notice & Forbearance Notice
- ✕ Liquidated Damages
- ✕ Rejection for Noncompliance
- ✕ Express Warranty
- ✕ Implied Warranty
- ✕ Fraud, Gross Mistake, Latent Defect

7-1

The Government, always mindful that it is our money it is spending, has a number of carefully defined remedies available for dealing with contractors that do not perform satisfactorily. Here is a list of them. They range from formally advising the contractor that its performance is deficient to filing criminal charges for fraud.

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>e. Explain: As a contract administrator, you monitor contract performance to make sure everything is proceeding satisfactorily. Sometimes, however, a glitch or two will occur. Perhaps you notice that the contractor is slipping behind schedule or the COTR advises you that quality isn't up to what was expected. When this occurs, you should do two things: reread the contract to make sure what is expected of the contractor, and then contact the contractor advising it that there appear to be deficiencies that are not acceptable. Usually, the contractor will thank you for your interest and attentiveness, and promise to do better. While most then will, some will not. Then what do you do? Let's look at your alternatives.</p> <p>f. Explain: One of the simplest things you can do is provide formal notice to the contractor that its performance is not satisfactory.</p> <p>You may want to begin with a formal notice even if you also are considering harsher remedies; this is like making a complaint, and you may want to try using a notice first to see if it gets results.</p> <p>There are two types of formal notices specified in the FAR:</p> <ul style="list-style-type: none"> • A cure notice informs the contractor that progress or performance appears unsatisfactory and gives the contractor a period of time, usually 10 days, to "cure", or make good, the deficiency. This does not necessarily mean the contractor will put everything right in 10 days, but it has that long to convince you it will rectify the problem. 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • A show cause notice informs the contractor that its performance appears so deficient that a termination for default is being considered, and gives the contractor 10 days to present an acceptable excuse prior to the Government taking further action. <p>A cure notice is used when sufficient time remains under the contract for the contractor to fix the deficiency and you believe it is able to make good on its obligations. A show cause notice is used when you believe the contractor will be unable to fix the deficiency by the delivery date either because there is too little time left or because the contractor appears incompetent.</p> <p>You use a cure notice to afford the contractor an opportunity to fix a deficiency; you use a show cause notice to ask the contractor if there were excusable reasons why its performance has been deficient.</p> <p>Your Text/Reference has model cure and show cause notices in Chapter 7. If you issue either of these notices, you should follow the specified wording.</p> <p>g. Explain: Suppose you have issued a cure or show cause notice and, within the prescribed time limit, the contractor takes remedial action, offers you an acceptable excuse, or promises to initiate steps that will overcome the deficiency. Here, you have to be very careful to avoid being trapped in a succession of continuing deficiencies; by merely accepting the contractor's action, excuse, or promise, you may be putting you and the Government in a difficult position. Should there be repeated deficiencies, the contractor could contend that you routinely forgave and forgot its mistakes and showed a pattern of not initiating a default action.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>To protect the Government, you should follow up on the contractor's action, excuse, or promise with a forbearance notice. A forbearance notice summarizes what the contractor has done and is expected to do, and declares your intent to proceed with a termination for default or other appropriate action should that deficiency persist or others arise.</p> <p>h. Explain: Sometimes, a notice may not be appropriate, or the deficiency cannot really be remedied. For example, you may have contracted for the installation of a vault to store classified documents, but it is not ready on schedule. The vault is still needed, and a reprocurement would take considerable time. You want the contractor to finish the job, but you also expect some compensation to the Government for the delay.</p> <p>An appropriate remedy would be to seek liquidated damages if a liquidated damages clause is contained in the contract. The liquidated damages clause allows you to assess the contractor a reasonable amount up to a specified limit for the delay. Liquidated damages apply only to delays and not to other performance deficiencies.</p> <p>Liquidated damages cannot be used as a penalty. They have to reflect the magnitude of actual damages to the Government.</p> <p>To use the liquidated damages remedy, you must:</p> <ul style="list-style-type: none"> • determine the amount based on the terms in the contract • provide the contractor the opportunity to present its views as to what happened and the size of the damages • issue a liquidated damages notice • analyze the contractor's response 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • then deduct the amount from payments to the contractor for the supplies or services when they are accepted. <p>i. Explain: Another remedy applies to unacceptable supplies and services. What you get may be shoddy, unserviceable, or otherwise not what you expected. When this happens, you have to decide whether to reject these nonconforming supplies or services.</p> <p>Your first step, of course, is to check the contract to establish what specification or standards were to be met. If the contract doesn't define what you got as unacceptable, you're stuck. Next, you must make sure acceptance has not already occurred. The Government can't accept supplies or services and then change its mind except under very limited circumstances.</p> <p>If what you got is nonconforming and has not yet been accepted, you have to determine what to do. You have three choices:</p> <ul style="list-style-type: none"> • you can take no action for very minor deficiencies, including those where the Government was at least partly responsible • you can require compensation in the form of a price reduction for a minor deficiency as a condition before acceptance • you can reject the job; you must reject it if the nonconformity is substantial or will have a material effect, such as on health or safety. 	


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>If you do decide to reject the job because of nonconformity, you must give the contractor prompt notice and then evaluate its reply. If the contractor has proposed rework or a price adjustment that is acceptable to the Government, you must provide written notice to the contractor identifying the deficiency and the specific conditions under which acceptance will occur.</p> <p>In many contracts, all payments to the contractor are tied to acceptance. If appropriate, payments can be withheld until the nonconformance problem is resolved if acceptance has not already occurred.</p> <p>j. Explain: Another way to deal with unacceptable supplies or services is through the use of any express warranties that apply. These are similar to the written warranties that came with your TV or car battery. However, the warranties that apply to Government purchases under contracts must be contained in the contract.</p> <p>A contractor may include its standard commercial warrant as part of its offer or there may be a specific warranty clause in the contract; the FONI flower contract, for instance, required replacement of plants that die within 30 days. Express warranties are particularly desirable when inspection by the Government may not reveal a defect or when the defect may not appear for a period of time after acceptance. For example, desktop computers usually will be procured only if they are covered by a written warranty. You would not accept a product or service that was evidently defective on delivery; this is rejection for nonconformity. Express warranties, on the other hand, apply after acceptance.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>The Government's rights under an express warranty will be described in the warranty document or the applicable contract clause. The Government's obligations also will be stated, such as that the warranty does not apply if the device was opened by other than an authorized service representative. Written warranties expire after some stated period of time so it is important to notify the contractor of any defect covered by the warranty prior to that date. Also, many users are not aware that an express warranty applies, and discard or repair the item at the Government's expense instead.</p> <p>If a defect covered by an express warranty emerges, the contract administrator, or a representative of the requiring activity if that responsibility has been delegated, must notify the contractor. The contractor is then obliged to respond or face further action. Be alert, however, to the precise terms of the warranty; it may not state, for example, how long the contractor has to correct the deficiency.</p> <p>k. Explain: Even when there is no express written warranty, an implied warranty may exist. An implied warranty refers to the ordinary commercial standards that apply to that product or service, particularly with respect to its serving its usual purpose. You have every right to expect, for instance, that a bucket will not leak or that the key will open the lock.</p> <p>Because an implied warranty is not written, it will not appear in the contract. However, you must inspect the contract to make sure the purpose is evident and that there is no clause in the contract voiding any implied warranty. If you feel an implied warranty does apply, you would notify the contractor, evaluate the contractor's reply, and then decide on a course of action.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>1. Explain: Most of the remedies we have considered must be invoked before the supplies or services being procured have been accepted. Warranties extend beyond acceptance, but they often apply to only a limited range of purchases. What happens if acceptance has occurred and no warranty applies, but the job turns out to be defective?</p> <p>Your only recourse when this occurs is to look for one of the three circumstances under which you are permitted to take action after acceptance or after the warranty has expired.</p> <ul style="list-style-type: none"> • The first is fraud. Fraud has occurred when the contractor knowingly misrepresents or conceals some fact that would affect acceptance and results in damage to the Government. A contractor might certify, for example, that it tested the strength of engine bolts when it did not, and the Government relied on these tests for acceptance. Fraud is viewed very seriously and stiff penalties apply. • The second is gross mistake. A gross mistake is similar to fraud, but where there was no intent to mislead or conceal. For example, the Government accepts a contractor's report of the results of a land survey only to discover later that a sizable mathematical error was made during the analysis, and that the results are therefore unusable. • The third is a latent defect. This refers to a defect that would not be evident during ordinary inspection procedures but nevertheless renders the product or service substantially deficient. An example is a batch of wooden shelving that begins warping because the wood was not thoroughly dry prior to manufacturing. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>There is no time limit on how long after acceptance you can seek rework, replacement, or compensation when fraud, gross mistakes, or latent defects are involved. However, except for the additional penalties associated with fraud, you must begin to take action as soon as the defect is apparent, and the settlement you reach with the contractor must be consistent with the actual damages involved.</p>	
	<p>m. Question: We've described a number of remedies that apply to Government procurements. Your job is to know which ones apply to a particular set of circumstances and then to choose the best remedy, or combination of remedies, for that problem.</p> <p>Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 7.2: USING REMEDIES EXERCISE**Ref.:** Chapter 7, p. 1-44**Objective:** When your students have completed this exercise they must be able to evaluate which remedies apply in a specific situation and outline the procedure for implementing that remedy.**Time:** 8:35 AM (25 minutes)**Method:** Small Group Exercise

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
?	<p>a. Assign: We're going to get in small groups again to review a problem, to determine which remedies could be used, to choose the most appropriate one for this problem, and to outline what's involved in applying that remedy. This is Exercise 7-1. You'll have 20 minutes to complete it. Be sure to come up with one or more reasons why a remedy can't be used if you think it can't. And be sure to outline the procedure to be followed for the remedy your group decides is best for this problem.</p>	
	<p>b. Results: <i>(After 20 minutes.)</i> It's time to see what you came up with. Let's begin with which remedies are applicable to this problem.</p> <ul style="list-style-type: none"> • Cure, show cause, and forbearance notices. Can these be used? If not, why not? <i>(Call on one group to respond. If its answer is incorrect or incomplete, call on another group for its opinion. Continue probing until the responses include the information below.)</i> • Liquidated damages. Can this be used? If not, why not? <i>(Call on a different group, then proceed as before.)</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • Rejection for nonconformance. Can this be used? If not, why not? (<i>Call on another group, then proceed as before.</i>) • Express warranty. Can this be used? If not, why not? (<i>Call on another group, then proceed as before.</i>) • Implied warranty. Can this be used? If not, why not? (<i>Call on another group, then proceed as before.</i>) • Fraud, gross mistake, or latent defect. Can any of these be used? If not, why not? (<i>Call on another group, then proceed as before.</i>) 	
<p style="text-align: center;">APPLICABLE REMEDIES</p> <p>CURE/SHOW CAUSE</p> <ul style="list-style-type: none"> • Yes, a cure notice could be used, although the contractor may contend acceptance already occurred. • If used, should be followed by a forbearance notice. • A show cause notice is not appropriate because there is time to correct the defect. <p>LIQUIDATED DAMAGES</p> <ul style="list-style-type: none"> • No, liquidated damages cannot be used. • Liquidated damages apply only to delays. <p>REJECTION FOR NONCONFORMANCE</p> <ul style="list-style-type: none"> • Maybe; whether the flowers are red or pink is a matter of judgment. • Maybe; Mr. Lincoln's statement that they "looked O.K." could be interpreted as acceptance. 		

EXPRESS WARRANTY

- Maybe; the only explicit warranty was that the plants will live 30 days; no definition or specification for "red" was included.

IMPLIED WARRANTY

- Probably not; the color would not substantially detract from the purpose of the flowers.

FRAUD/GROSS MISTAKE/LATENT DEFECT

- Not fraud; no evidence of fraud.
- Not gross mistake; the plants are serviceable.
- Could be latent defect; the defect might not be reasonably evident at the time the plants were seen by Mr. Lincoln.

c. **Results:** O.K., let's move on to what you would do. I want to hear each group's choice of remedy. *(Poll each group. Ask for its choice. Try to get each group to tell the class why it made that choice.)*

OK. Except for remedies you cannot use because they don't apply, you have considerable latitude in your choice of remedies. A lot of judgment on your part may be needed.

d. **Results:** Now tell me how you would go about implementing your choice(s). *(Call on one group to list the steps to perform for its choice. Get corrections or additions from the rest of the class. Then call, in turn, on any other groups that chose a different remedy for their procedure. Continue to probe until the following steps are offered.)*

PROCEDURES FOR REMEDIES

CURE/SHOW CAUSE

1. Decide between cure and show cause notice.
2. Prepare notice indicating reply expected in 10 days.
3. Send notice using "proof of delivery method".
4. Evaluate contractor's reply.
5. Prepare forbearance notice or initiate termination.

LIQUIDATED DAMAGES

1. Calculate amount of damages expected.
2. Ask contractor for excuses, alternatives.
3. Send notice.
4. Evaluate contractor's reply.
5. Withhold payment.

REJECTION FOR NONCONFORMANCE

1. Determine acceptance not final.
2. Decide if defect sufficient to reject.
3. Send notice of rejection to contractor.
4. Evaluate contractor's reply.
5. Calculate any consideration due to Government.

EXPRESS WARRANTY

1. Verify warranty applies.
2. Identify alternatives in warranty and choose best one.
3. Send notice to contractor.
4. Evaluate contractor's response.

IMPLIED WARRANTY

1. Verify implied warranty applies.
2. Send notice to contractor.
3. Evaluate contractor's response.

FRAUD/GROSS MISTAKE/LATENT DEFECT


1. Verify defects exist not detectable by inspection.
2. Determine if nondetection was due to fraud, gross mistake, or latent defect.
3. If latent defect, send notice to contractor for correction or restitution.

4. If gross mistake, send notice to contractor for correction or restitution.
5. Evaluate contractor's response.
6. If fraud, notify proper authorities.



e. **Questions:** Any questions? (*Answer student questions. Then proceed.*)


TOPIC 7.3: REMEDIES IN PROBLEM SOLVING**Ref.:** Chapter 7, p. 1-44**Objective:** When your students have completed this segment, they must be able to recognize the uses of formal remedies in problem solving.**Time:** 9:00 AM (25 minutes)**Method:** Seatwork/Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: Formal remedies are tools available to the contract administrator to help make sure the Government gets what the contract says. The most often used remedy is rejection for nonconformity. This is what should be done prior to acceptance of a faulty product or service, and this is why a contract administrator has to keep track of the Government's inspection and acceptance activities under a contract.</p>	
	<p>b. Explain: Your rejection of products or services delivered under a contract is only one aspect of your contract administration responsibilities, however. Let's look back at this list. <i>(Point to list on chalkboard/flipchart developed earlier. If you need to reproduce it, the list is:</i></p> <ul style="list-style-type: none"> • <i>VERIFY PROBLEM</i> • <i>ESTABLISH IMPACT</i> • <i>STOP WORK ORDER?</i> • <i>INFORMAL SOLUTION</i> • <i>MODIFICATION?</i> • <i>FORMAL REMEDY</i> • <i>TERMINATION.</i>) <p>Problems will come to your attention because you carefully monitor contract performance. The more carefully you monitor, the sooner you will be aware of a potential problem, and the more easily you will be able to resolve it. <i>(Add to the top of the list:</i></p> <ul style="list-style-type: none"> • <i>MONITOR PERFORMANCE.</i>) 	


LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Explain: Your approach to dealing with problems in contractor performance is always the same:</p> <ul style="list-style-type: none"> • you must verify that there is a problem, for example that the product falls short of the specifications • you must establish impact, and with the agreement of the requiring activity, you may ignore minor deficiencies and accept the delay or deficiency anyway, or negotiate with the contractor for an appropriate consideration prior to acceptance • you may want to consider a stop work order if there was anything to gain, such as stopping the manufacture of further quantities of the product while you and the requiring activity investigate which party is responsible for a potentially serious deficiency • you may want to look for an informal solution, such as letting the contractor redo the work if sufficient time remains before the due date or invoking a deductions clause already in the contract • you may need to modify the contract, either unilaterally or with a supplemental agreement, if your resolution of the problem requires a change in the contract's language • you may want to initiate a formal remedy such as issuing a cure notice followed by a forbearance notice if the contractor is responsible for the deficiency but refuses informal requests to do anything about it • you may want to consider terminating the contract altogether if the contractor is in breach of the contract or you anticipate it will be in breach due to its inability or unwillingness to perform. 	



LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Assign: We're going to look at two more problems on the Profitable contract. Look at Exercise 8-2. There is another memo from Carl Customs. I want you to go through these steps (<i>point to flipchart/chalkboard list</i>), except assume the problem occurred just as the COR described it. I want you to consider the alternatives and come up with the best way of resolving the problem you can. This time, work individually. We'll take about 15 minutes.</p> <p>e. Results: (<i>After 15 minutes.</i>) O.K., let's see how you chose to resolve the first problem, on the uniforms. (<i>Ask students to respond. List the suggestions on a chalkboard/flipchart. When all suggestions have been listed, ask students for their comments on various suggestions. Make certain the comments address these issues:</i></p> <ul style="list-style-type: none"> • <i>is the action permitted/authorized by the Profitable contract?</i> • <i>is the solution likely to be acceptable to the requiring activity?</i> • <i>will the solution result in increased cost or lower value to the Government?</i> • <i>does the solution reflect whether the deficiency is excusable or not excusable?</i> <p><i>Point out that:</i></p> <ul style="list-style-type: none"> • <i>there is no one correct solution to either of these problems</i> • <i>various solutions have their own advantages and disadvantages</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>working with other members of the contract administration team can help in arriving at a satisfactory solution.</i> <p><i>A possible answer for the first problem, on the uniforms, would be to issue a cure notice and then a forbearance notice if the contractor agrees to correct the problem. The contractor is in breach of contract on this issue.</i></p> <p><i>A possible answer for the second problem, on the sealant in the garage, is to establish that a latent defect existed at the time the work was accepted, and require the contractor to redo the work. Compensation from the contractor for the defect would not be appropriate because considerable damage, such as grease stains, may occur before the work is done again on the annual cycle.)</i></p>	
	f. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)	

TOPIC 7.4: RECAP OF REMEDIES**Ref.:** Chapter 7, p. 1-44**Objective:** When you finish this discussion, your students must be able to determine sources of information and assistance for making decisions on remedies.**Time:** 9:25 AM (10 minutes)**Method:** Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	a. Explain: As a contract administrator, you have a range of options to remedy defects, delays, or deficiencies in the supplies and services offered by a contractor. Your decision about what action to take will be important.	
	b. Question: What information do you need to make a decision about remedies? Where do you get this information? (<i>Call on volunteers. Probe until the following suggestions are made:</i> <ul style="list-style-type: none"> • <i>read the contract</i> • <i>examine the FAR clauses on remedies you are considering</i> • <i>get the facts on the deficiency</i> • <i>determine if acceptance was made</i> • <i>check with the legal department</i> • <i>discuss the problem with the requiring activity</i> • <i>discuss the problem with the Contracting Officer</i> • <i>Obtain information from the contractor.)</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>c. Question: What should you think about when you make your decision? What principles are involved? (<i>Call on volunteers. Probe until the following suggestions are made:</i></p> <ul style="list-style-type: none"> • <i>the Government should get what it is entitled to</i> • <i>the contractor's views and explanations should be sought</i> • <i>any compensation asked for must be just, and cannot be a penalty</i> • <i>minor defects and discrepancies may be overlooked</i> • <i>considerable judgment is needed as to what is a significant defect</i> • <i>following the procedures carefully is very important.)</i> 	
	<p>d. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 8.1: INTRODUCTION TO CLAIMS AND DISPUTES

Ref.: Chapter 10, p. 1-21

Objective: When you complete this introduction your students must be able to describe and give examples of disputes and claims.

Time: 9:35 AM (15 minutes)

Method: Lecturette

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	a. Announce: In this lesson we are going to consider two additional areas of contract administration responsibility. One is disputes and claims and the other is terminations. These topics are combined in Chapter 10 of your Text/Reference.	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>b. Explain: Let's begin with a dispute. A dispute is different from a simple disagreement between the Government and a contractor. It is a dispute only when it involves money, time, or the interpretation of contractual requirements, and only when relief is not provided under other contract clauses. It covers those situations where the contractor or the Government is eligible to submit a formal claim against the other party as described in the Disputes Clause, FAR 52.233-1. The Disputes Clause does not say how to resolve a dispute; it only describes the requirements for what constitutes a claim and the procedures for processing a claim made against the Government.</p> <p>c. Explain: Disputes and claims originating with a contractor can arise as a consequence of various events such as a delay on the part of the Government, the failure to provide promised Government property or information, or interference with the contractor's performance. The most frequent source, however, is when the contractor believes a constructive change has been made.</p> <p>A dispute may come to your attention in many different ways. Often, the contractor will call or write saying such and such has happened and that it is seeking relief. The issue may be a major event such as the inability to complete a delivery because the Government facility had nowhere to store it, or a series of minor issues that the contractor finally decided it must complain about. Either way, you should give the problem your immediate attention.</p>	

LESSON PLAN



Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Explain: Under the Contract Disputes Act, the Contracting Officer has the authority to decide which party to a dispute is entitled to relief and what that relief should be. The Contracting Officer is not required to act until a formal claim has been submitted, but has the discretion to resolve a dispute, usually by negotiation, before a formal claim is received. This is the preferred way, to resolve a dispute through negotiation before it results in expensive and time consuming litigation.</p> <p>In many cases you will be able to resolve the problem easily and often at no cost in time or money if you act on it quickly. You often can investigate the problem, determine where the fault lies, and get everything straight with a few telephone calls. If the problem is more difficult than a simple misunderstanding, it may be possible to bring the two sides together, discuss their points of view, and reach an acceptable compromise.</p> <p>Using <u>Alternative Disputes Resolution</u> procedures is another method available for resolving issues in controversy.</p> <p>e. Explain: If a dispute cannot be resolved through negotiation, the contractor may file a formal claim. A formal claim has several ingredients:</p> <ul style="list-style-type: none"> • it must demand a certain amount of money or some other adjustment in the contract • it must specify the reasons why the claimant is entitled to that consideration • it must be in writing, submitted to the Contracting Officer, and ask for a written decision • and, if the claim is for more than \$50,000, it must be certified by the contractor as to having been made in good faith, that the information in it is correct and complete, and that the amount or other adjustment requested accurately represents the Government's liability. 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>f. Explain: Strict time limits apply to the Government's response to a contractor claim. The Contracting Officer must provide a written decision within 60 days of receiving a claim under \$50,000. For a claim over \$50,000, the Contracting Officer has 60 days to either provide a decision or provide a date by when a decision will be reached.</p> <p>g. Explain: A thorough analysis must be made of a claim before a Contracting Officer's decision can be reached. This is likely to include the following activities:</p> <ul style="list-style-type: none"> • reviewing the claim to separate each of the issues involved; there may be several • compiling all relevant documentation on each issue; including the complete contract file • analyzing the merits of each issue, often with the help of technical experts • conducting a cost analysis to determine the reasonableness of the amount or other adjustment requested • obtaining a legal review of the claim. <p>h. Explain: Then, based on that analysis, the Contracting Officer comes to a "final decision." This final decision, communicated in writing to the contractor, must be clear and unequivocal. It should summarize elements of the claim, report on the Contracting Officer's findings as to facts, state the conclusions reached regarding the claim and the rationales for them, and advise the contractor as to its right of appeal.</p>	

LESSON PLAN




Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>i. Explain: The contractor may or may not accept the Contracting Officer's final decision. If it does, that decision then becomes the basis for a supplemental agreement that modifies the terms of the contract. If the contractor does not accept the decision, it may file notice with the Contracting Officer that it is appealing some or all of that decision. The contractor has two routes of appeal:</p> <ul style="list-style-type: none"> • It may appeal to a Board of Contract Appeals; this generally is the less expensive route but the appeal must be prepared and filed within 90 days of the Contracting Officer's final decision. • It may appeal to the Federal Claims Court; this route often involves substantial legal fees and therefore can be more expensive, but the contractor has one year to file an appeal to the Claims Court. <p>The contractor must choose only one of these routes and not both. Also, the contractor must continue performing any remaining contract responsibilities while a claim or a subsequent appeal is in progress.</p> <p>j. Explain: If it is determined that the contractor is entitled to additional money as a result of the Contracting Officer's final decision or the appeal process, the Government also is liable for interest on the amount due from the date the claim was received.</p> <p>k. Explain: The procedures for processing a claim are fairly rigorous and must be followed precisely. Even when the Government's position has considerable merit, the contractor may win on appeal due to minor mistakes or delays in the way the claim was processed. For this reason, processing a claim can take considerable time and energy and yet result in an outcome no different than could have been achieved through negotiation.</p>	



LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>l. Question: Any questions to this point? (<i>Answer student questions.</i>)</p> <p>m. Explain: There is one additional point to make. The Contract Disputes Act also permits the Government to make claims against the contractor so long as the claim is authorized by a clause in the contract or can be asserted under common law. Claims by the Government can be made for such events as deficiencies or delays in performance, fraud and other violations, loss or damage of Government property, and the Government's additional costs of meeting its requirements through a second procurement.</p>	
	<p>n. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 8.2: NEGOTIATING EXERCISE**Ref.:** Chapter 10, p. 1-9**Objective:** When your students have completed this exercise they must be able to establish a negotiating position and participate in negotiating a dispute.**Time:** 9:50 AM (60 minutes including Break)**Method:** Roleplay

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: Negotiating the resolution of a dispute is preferable to dealing with a claim whenever there is a possibility of achieving a satisfactory outcome. Even when negotiations don't fully succeed, it may be possible to resolve some of the issues, and clarify the points of disagreement for others. A contractor may claim compensation for what it perceives as a Government-caused delay, for example. Even if the issue is not fully resolved through negotiations, it may at least become clear that the issue centers on an ambiguous phrase in the contract rather than some obvious tardiness in meeting an obligation.</p> <p>Negotiations regarding a dispute can be initiated at any time, before or after a claim has been submitted. Negotiations can even continue during an appeal to a board of contract appeals, but negotiations may not be held while an appeal to the Claims Court is pending.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>b. Explain: In planning for negotiations, it is important to recognize that considerable preparation is necessary. You want to clearly understand the contractor's issues and points of view. You want to get all of your facts straight and well documented. You want to have the Government's position carefully thought through with respect to each component of the contractor's claim and make sure everyone who will be involved in the negotiations is playing to the same sheet of music. And you want to make sure your negotiating skills are at the ready.</p>	
	<p>c. Assign: Look at Exercise 8-1. There is a memo from Norma to Donald Leader explaining that a dispute has arisen on the FONI contract. She has scheduled a meeting to try to resolve the problem.</p> <p>You will work together in teams to prepare either the Government's or the contractor's position. Each team will select three representatives to participate in a role play of the negotiating session. Mr. Potts and two attorneys will represent the contractor, while Norma, Mr. Lincoln, and the activity's counsel will represent the Government. I'll take the role of Mr. Leader, the Contracting Officer. It will be my responsibility to be as impartial as possible while encouraging the two sides to reach agreement.</p>	
	<p><i>(NOTE: Merge student groups into two teams. Assign one team responsibility for the Government's position and the other responsibility for the contractor's position. Each team is to choose three persons to represent it at the negotiations.)</i></p>	
	<p>d. Question: Are there any questions? <i>(Answer student questions.)</i> We'll have about 15 minutes to prepare for the negotiations before we take a Break. Then we'll actually hold negotiations after the Break.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	e. Announce: <i>(After 15 minutes.)</i> It's time for our Break. On your way out, please let me know who will be representing each side.	
BREAK TIME: 10:00 AM (20 MINUTES)		
 	<p>f. Announce: <i>(At 10:20 AM.)</i> Lets get started. We'll have Norma Jackson, Mr. Lincoln, and the counsel over here <i>(point to where they will sit)</i>. Mr. Potts and his attorneys will be over here <i>(point)</i>. I'll sit here and chair the meeting. Let's begin.</p> <p><i>(Introduce the participants by name and position. Call on the Contractor's side to summarize its position first, suggesting they take no more than two or three minutes. Then ask the Government's side for its position, again in two or three minutes. Next, ask the two sides to indicate on what facts or issues they agree or disagree. Finally, encourage the two sides to try to reach a satisfactory compromise in each area of disagreement.</i></p> <p><i>Your role should be to keep the discussion moving. Point out this is not a hearing and that you will not arrive at a final decision at the conclusion of the meeting. Indicate the contractor may submit a claim if it believes its position on any unresolved issue is valid after the conclusion of the meeting.</i></p> <p><i>Allow the role play to continue for no more than 20 minutes. When only a few minutes remain, ask each side to summarize what has been agreed to and not agreed to.)</i></p>	
DISPUTE NEGOTIATION ROLEPLAY TIME: 10:20 AM (20 MINUTES)		

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
?	<p>g. Results: <i>(After 20 minutes. Thank the participants for their performances.) A successful negotiation is one where both sides are satisfied by the outcome. How did this negotiation session turn out? (Call on students to answer. Encourage discussion on:</i></p> <ul style="list-style-type: none"> <i>issues where the disagreement was over the facts, and how these were/could be resolved</i> <i>issues where the disagreement was over contractual language and terms and how these were/could be resolved</i> <i>issues where the disagreement was over an opinion or judgment and how these were/could be resolved.)</i> <p>What is likely to happen next? <i>(Call on students to answer. If there were unresolved issues, encourage discussion on the procedure for receiving a claim, for processing it and arriving at a final decision, and for informing the contractor about its rights to an appeal.)</i></p>	
?	<p>h. Question: Are there any questions? <i>(Answer student questions. Then proceed.)</i></p>	

TOPIC 8.3: INTRODUCTION TO TERMINATIONS**Ref.:** Chapter 10, p. 22-42

Objective: When you have finished this segment your students must be able to distinguish between terminations for default and terminations for convenience, with the circumstances that result in one or the other, and follow the procedures for each.

Time: 10:50 AM (10 minutes)**Method:** Lecturette

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: Let's move on to terminations. Terminating a contract is something like terminating a marriage; it can go smoothly, or it can be expensive, bitter, and drawn out. A decision to terminate a contract should be taken very seriously, never in anger, and always after considering all of the available alternatives.</p> <p>b. Explain: There are two basic types of terminations. A termination for default is used when a contractor is unable or unwilling to meet its contractual obligations or when fraud or some other statutory violation has occurred. Generally, a breach or anticipated breach will have occurred. That is, either the contractor will have ceased to perform satisfactorily or you have a firm reason to believe the contractor will soon cease to perform satisfactorily. The contractor may be unable to meet performance standards or delivery schedules, simply walk away from a contract that it should not have bid on in the first place, or initiate a declaration of bankruptcy, possibly for reasons having nothing to do with the contract you are administering.</p> <p>c. Explain: Whatever your reason for contemplating termination for default, you must be able to demonstrate that this action was reasoned and appropriate. You must be able to show that you:</p> <ul style="list-style-type: none"> • verified all of the facts 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> gave the contractor reasonable time to remedy the problem avoided tolerating the problem long enough for the contractor to believe its performance was acceptable considered alternatives to termination, such as being willing to negotiate a time extension, a reduction in quantity, or some other compromise. <p>d. Explain: One important step to take when a possible default situation occurs is to issue a cure or show cause notice. This allows the contractor an opportunity to inform you of any circumstances that would be interpreted as an excusable deficiency or one where the fault was commingled. A cure or show cause notice also gives the contractor an opportunity to get its act together prior to being terminated for default. You can terminate without first giving a cure or show cause notice if the problem is compelling.</p> <p>e. Explain: A termination for default can cover all or only a portion of a contract. A contractor may have agreed to produce 100 widgets and 200 gizmos, for example, and is doing well on the widgets but unable to produce satisfactory gizmos. You would have the option of terminating only the gizmo portion of the contract while continuing the widget portion.</p>	


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>f. Explain: When a contract is terminated for default, the contractor becomes liable for any additional costs of a replacement contract, providing the Government can demonstrate that the price of the replacement contract was reasonable. The terminated contractor also may be liable for liquidated damages resulting from the delay in receiving the needed product or service. At the same time, the contractor is entitled to receive payment for any portions of the contract where acceptance has already occurred, although the Government may withhold those payments until any moneys that may be due from the contractor are established.</p> <p>g. Explain: Terminations for default near the end of a contract are difficult if the Government chooses to forego completion. A contractor may be slightly short of the required quantity, for example, or be unable to maintain services for the last few days of a contract as employees take jobs elsewhere. The Government may choose to negotiate a supplemental agreement in these cases that reduces the quantity to what already has been delivered in trade for an adjustment in the contract price.</p> <p>h. Explain: One other issue in a termination for default is the role of the surety, the bonding company, that issued any performance bond required when the contract was awarded. The Government must make a reasonable effort to involve the surety in the default process, such as providing it with notice, allowing it to assume responsibility for managing the completion of the effort, and so forth.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>i. Explain: Finally, it is essential to maintain excellent documentation on all events associated with a termination for default. This includes copies of notices, memos of all communications, and records of what was considered in arriving at a default decision. The documentation should make clear what you did, and why you didn't do something else.</p> <p>j. Explain: We said there were two kinds of terminations. One was for default; the other is termination for convenience. A termination for convenience is one where no fault is specified. Terminations for convenience may be used when:</p> <ul style="list-style-type: none"> • there is nonperformance on the part of the contractor but where the nonperformance is defensible as a consequence of the Government not meeting its obligations or because of an Act of God • the product or service no longer is required by the Government, such as when a weapon system is cancelled • funds are no longer available to complete the contract because of a cutback in resources, a change in priorities, or successful claims by the contractor regarding earlier work under the contract • the procurement leading to the contract is determined to be faulty and a reprocurement is ordered. <p>k. Explain: Like a termination for default, a termination for convenience may be only partial. Prior cure or show cause notices are not used.</p>	


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>1. Explain: Following a termination for convenience, an effort should be made to negotiate a conclusion to the contract. The contractor normally is entitled to payment for all work already accepted, for costs and the corresponding profit for work in progress, and for the costs of preparing the termination claim. Anticipated profits on the portion of the contract not to be performed are not allowed. The contractor also is entitled to reimbursement for the share of costs for facilities, materials, equipment, and preparation that would have been recovered had the terminated portion of the contract been completed. The Government, in turn, has the right to all work in progress and production inventory. If a settlement with the contractor cannot be reached, the contractor is eligible to file a claim, obtain a final decision from the Contracting Officer, and appeal that decision if it is not acceptable.</p> <p>m. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	



TOPIC 8.4: TERMINATION EXERCISE**Ref.:** Chapter 10, p. 22-42


Objective: When your students have completed this exercise, they must be able to select a course of action for problem resolution that includes possible termination for default or termination for convenience.

Time: 11:00 AM (20 minutes)**Method:** Small Group Exercise

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Explain: We've looked only briefly at terminations, but this is the one last alternative to consider in problem resolution. A termination, particularly a termination for default should not be a solution of choice but it may be the only way to get a problem behind you and get on with meeting the needs of the requiring activity.</p>	
	<p>b. Announce: I want you to work in your small groups to plan a solution to one more problem. This problem is summarized in Mr. Customs' memo on the Profitable contract. The memo is in Exercise 8-2. I want you to go through the entire problem solving approach that we've covered in this course (<i>point to list on flipchart/chalkboard:</i></p> <ul style="list-style-type: none"> • <i>VERIFY PROBLEM</i> • <i>ESTABLISH IMPACT</i> • <i>STOP WORK ORDER?</i> • <i>INFORMAL SOLUTION</i> • <i>MODIFICATION?</i> • <i>FORMAL REMEDY</i> • <i>TERMINATION.</i>) 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>For a problem like this one, you may want to try several solutions. But it is very important to figure out your entire strategy in advance. The reason for this is that you don't want to do anything that will jeopardize what you might want to do later on. For example, you would not want to issue a stop work order if, later on, you may want to contend that on-time delivery was vital and therefore liquidated damages should be imposed.</p> <p>I want your group to outline a complete strategy, with reasons for each part, for resolving this problem. You will have 15 minutes.</p> <p> c. Questions: Any questions? (<i>Answer student questions. Then urge them to begin.</i>)</p> <p> d. Results: (<i>After 15 minutes.</i>) Let's see what you came up with. We'll start with verifying the problem and establishing impact. (<i>Call on one group to present its analysis of these two steps. Answer: we assume Mr. Customs' report is correct, and it is clear there is impact.</i>)</p> <p>How about a stop work order? (<i>Call on another group. Answer: this would not in any way solve the requiring activity's problem.</i>)</p> <p>Next are informal solutions. (<i>Call on another group. Answer: further negotiations are not likely to be successful.</i>)</p> <p>Are there formal remedies that should be tried? (<i>Call on another group to answer. Answer: a cure notice should be issued in that the contractor has the time to correct deficiencies, but we assume this will have no effect.</i>)</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Should a termination be initiated? (<i>Call on another group to answer. Answer: yes, a termination for default should be issued covering the entire contract at the end of the cure notice period; performance already is unsatisfactory, and it may deteriorate further; the major harm would be in the time required for a new procurement which could leave the requiring activity without janitorial services at all for a considerable period.</i>)</p>	
	<p>e. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 8.5: RECAP OF LESSON 8







Ref.: Chapter 10, p. 1-42






Objective: When you have finished this review, your students must be able to explain the Government's position on disputes, claims, and terminations.

Time: 11:20 AM (10 minutes)

Method: Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Review: This lesson covered disputes and claims, and then terminations. They are the last topics in the whole general area of problem solving, and what responsibilities the contract administrator has when faced with a problem. The principal responsibilities are:</p> <ul style="list-style-type: none"> • to follow all FAR-related procedures carefully and correctly • to protect the Government's and the contractor's interests under the contract • to make sure the requiring activity's needs are satisfied. <p>Significant problems in contract administration are concerned with price, time, quality, or quantity. The fault may be with the contractor, the Government, both, or neither in the case of an Act of God.</p> <p>Your aim when faced with a problem is to resolve it quickly, thoroughly, and at the least cost both in money and in the resources the Government will have to devote to achieving a solution.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>These added costs are significant concerns in resolving disputes and initiating terminations, and they should be recognized in how you choose to go about solving a problem. However, you should never compromise the Government's rights because of expediency or to take the easy way out.</p>	
	<p>b. Question: Let's look at disputes. What is a dispute? <i>(Ask students for answer. Answer should include: a disagreement that involves price, schedule, quality, and quantity.)</i></p>	
	<p>c. Question: What actions should a contract administrator take when a dispute arises? <i>(Ask for answer. Answer should include: reviewing the contract, fact finding, developing Government's position, initiating negotiations.)</i></p>	
	<p>d. Question: What is a claim? <i>(Ask for answers. Answer should include: a written demand for compensation, adjustment, relief.)</i></p>	
	<p>e. Question: How are claims decided? <i>(Ask for answers. Answer should include: by the Contracting Officer; claimant may appeal decision to a board of contract appeals or the U.S. Claims Court.)</i></p>	
	<p>f. Question: How much time does the Government have to respond to a contractor's claim? <i>(Ask for answer. Answer should include: 60 days either to provide a final decision or to provide a date by when a final decision will be issued.)</i></p>	
	<p>g. Question: The Disputes Clause provides for the payment of interest on claim awards; from what date is interest computed? <i>(Ask for answers. Answer should include: from the date the claim is received.)</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	h. Question: The Government also may make claim against a contractor; under what circumstances is this likely? <i>(Ask for examples. Examples may include: deficiencies in performance, violations of statutes or regulations, costs associated with a reprocurement.)</i>	
	i. Question: Let's turn to terminations. There are two kinds; what is the difference? <i>(Ask for answer. Answer should include: termination for default is for a breach or anticipated breach, termination for convenience requires no reason and is at the option of the Government.)</i>	
	j. Question: Generally, Contracting Officers try to avoid terminating for default. Why? <i>(Ask for answer. Answer should include: considerable effort and resources required to support termination, and does not result in meeting Government's needs.)</i>	
	k. Question: Often, a contractor will be given notice that the Government is considering termination for default. What is this called? <i>(Ask for answer. Answer should include: a cure notice, a show cause notice.)</i>	
	l. Question: What are some reasons for using a termination for convenience? <i>(Ask for examples. Examples should include: eliminated requirement, insufficient funds, inability to perform due to excusable causes, faulty procurement.)</i>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>m. Explain: Terminations for default generally are considered only after other alternatives for resolving a problem have been tried. Success in contract administration is achieved by avoiding problems, however, rather than resolving them. The most effective contract administrators are the ones who can anticipate problems from the very beginning, who develop a contract administration plan that will give them early warning of potential trouble, and who deal with any problems that do occur promptly and efficiently.</p> <p>n. Question: Any questions? (<i>Answer student questions. Then announce Lunch.</i>)</p>	
<p style="text-align: center;">LUNCH TIME: 11:30 AM (60 MINUTES)</p>		

TOPIC 9.1: INTRODUCTION TO LESSON 9

Ref.: Chapter 8, p. 1-15

Objective: When you finish this introduction, your students must be able to understand and follow the steps in processing payments to contractors.


Time: 12:30 PM (10 minutes)

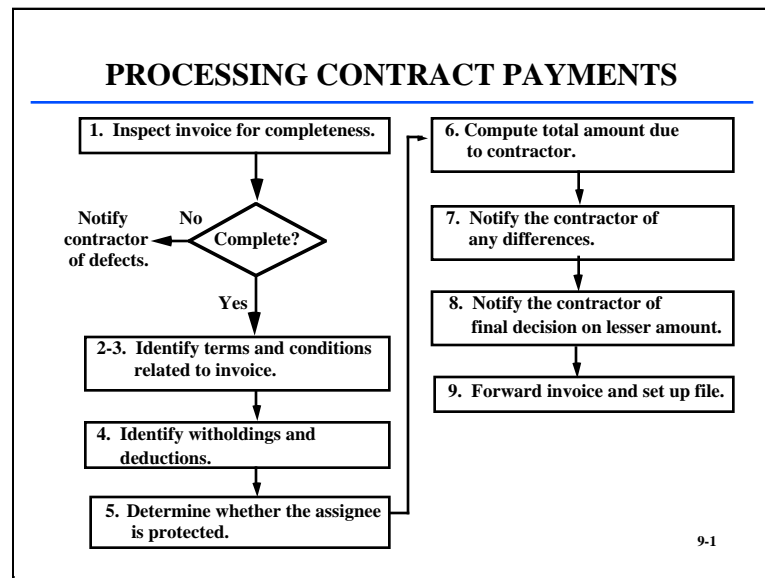
Method: Lecturette

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: Our next topic is payments to the contractor. Not all contract administrators are responsible for processing payments; sometimes, specific offices or individuals are designated to perform this function. However, contract administrators frequently get involved in payment issues because they are the logical point of contact between the contractor and the Government. Even if you don't process payments yourself, you have to understand the process so you can deal with questions and take the appropriate action when something goes wrong.</p> <p>b. Explain: Contractors are paid only after they submit an invoice to the Government. The circumstances under which they may submit an invoice, and the way the amount due to them at that point is calculated, are specified in the contract. The contract may specify any of several payment patterns:</p>	

LESSON PLAN


Ref.	Steps in Presenting the Topic	Instructor Notes
 9-1	<ul style="list-style-type: none"> • advance payments before the work begins, but this is rarely allowed • partial payments based on units delivered or work accomplished acceptably to that point • progress payments based on concurrence by the Government that some percentage of the work has been completed even if no delivery has yet been made • final payments based on completion of all contract requirements. <p>c. Explain: One of the most important considerations in processing payments is the need to be timely. The Prompt Payment Act was passed because the Government sometimes was very late in making payments, causing hardship to the contractor. Now, a properly prepared and submitted invoice must be paid within 30 days or the contractor is entitled to interest on the amount due. The interest payments can be significant problems, not only because they are an unnecessary expense to the Government, but also because the accounts involved may not have any funds for this purpose. It is best to respond promptly to invoices, and just as promptly to contractor complaints about late or incorrect payments.</p> <p>d. Show: (<i>Show Vugraph 9-1, Steps in Processing Contract Payments.</i>)</p>	



e. **Explain:** This flowchart summarizes the steps involved in processing invoices for payment. I'll briefly highlight what's involved at each step.

- **STEP 1:** Inspect invoice for completeness. A contractor must provide all of the information necessary to process the invoice, such as the date, the contract number, and the address to which payment should be sent. A list of all the necessary information is on page 8-6 of your Text/Reference.
- **STEP 2:** Examine contract terms. Invoicing requirements will be in Section G of the contract, and pricing information will be in Section B. However, additional terms and conditions applying to payment may appear in other sections such as Section I, which contains general clauses applicable to the contract.

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • STEP 3: Obtain supporting data. Depending on the type of contract, supporting data such as inspection and acceptance reports or calculations of payment adjustments for the additional costs of accelerated delivery, may be needed before you can certify the correctness of the invoiced amount. • STEP 4: Identify withholdings and deductions. Many contracts authorizing partial or progress payments include a provision for withholding some percentage of each payment until the entire contract is completed. Others specify deductions, perhaps for late delivery or as an installment on liquidated damages. You must be aware of withholdings and deductions to calculate the amount due. • STEP 5: Determine assignee protections. An assignee is a bank or other source of loans to whom contract payments have been assigned by the contractor. This means payments must go to the bank. The contract clause permitting assignment of payments or an administrative modification indentifying an assignee may stipulate that the assignee is exempt from certain deductions or withholdings. You must check these stipulations if payments go to an assignee. • STEP 6: Calculate amount of payment. You have to verify that the amount of the payment claimed by the contractor is correct. First calculate the gross amount based on the contract prices or payment schedule. Be sure you include any changes specified in contract modifications. Then subtract any withholdings or deductions that apply. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • STEP 7: Notify regarding discrepancies. If your calculation doesn't match the contractor's calculation, you must notify the contractor to determine the source of the discrepancy. Because this step and the contractor's reply takes time, keep an accurate record of the dates of your notice and the reply. • STEP 8: Make a final determination. This is no problem if your calculation and the contractor's are in agreement. If there was a discrepancy, however, you have to decide the amount due to the contractor after hearing the contractor's explanation, and then advise the contractor of your decision. • STEP 9: Certify and forward. The final step is to certify the amount claimed on the invoice, after withholdings and deductions, as correct, and forward the invoice to the paying office. You must include any applicable acceptance reports for partial or final payments. It's a good idea to keep your copy in an action file so you can follow up on the payment around the time it should be made. You will be in the middle if the payment isn't timely, even if payment is not your responsibility. 	
	f. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)	


TOPIC 9.2: PROCESSING PAYMENTS EXAMPLE**Ref.:** Chapter 8, p. 1-15**Objective:** When your students have completed this segment, they must be able to identify the steps in processing a typical contractor invoice.**Time:** 12:40 PM (20 minutes)**Method:** Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Assign: Exercise 9-1 contains an invoice from Profitable Building Services. Suppose the person who normally processes invoices in your office is out ill, so you received it. You also have received the monthly performance report from Carl Customs. You are to determine whether to certify this invoice for payment, or, if not, what corrections are required.</p> <p>You do not have all of the standard FAR clauses related to payment. For simplicity, the exercise also includes very brief summaries of all standard clauses in this contract concerned with payments. Assume there have been no contract modifications to date.</p> <p>Follow along as we cover each step in processing this invoice.</p> <p>b. Explain: STEP 1 is to inspect the invoice for completeness. Let's look for each required item:</p> <ul style="list-style-type: none"> • contractor name and address • invoice date • contract number and any authorization information • description, quantity, unit price, and extended price of deliverables 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>The deliverable in this example, services for one month, corresponds to the unit of delivery specified in Section B of the contract.</p> <ul style="list-style-type: none"> • shipping and payment terms if any • name and address where payment is to be sent <p>This contractor asks that payments be sent to its bank. This does not mean the bank is an assignee; many companies prefer direct deposit or ask that payment be sent to its headquarters address.</p> <ul style="list-style-type: none"> • who to notify about a defective invoice • any other information required by the contract. <p>The contract had a clause in Section G requiring the contractor to cite the contract's Accounting Control Transaction, or A-C-T; number.</p> <p>As far as we can tell, this invoice is complete, but we still have to determine if it is correct.</p> <p>c. Explain: STEP 2 is to examine relevant terms in the contract.</p> <ul style="list-style-type: none"> • First, we have to find out if the contractor is eligible for monthly payments. It says in Section G that "Payment will be made on a calendar month basis in arrears," meaning the month ended. So Profitable is entitled to a partial payment each month. • Next, we look at the amount. Section B establishes a per month price of \$31,311.00 during the first year of the contract. So the amount on the invoice is correct. 	


LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Explain: STEP 3 is to obtain supporting data. In this case, we have the COR's monthly inspection/acceptance report on the next page of the exercise. As you can see from the report, Mr. Customs reports two performance deficiencies and one space reduction.</p> <p>e. Explain: STEP 4 is to identify withholdings and deductions. When you compare the COR's monthly report and the contractor's invoice, you see that a reduction has been made for unoccupied space but that no deduction was taken for the two performance deficiencies. We'll return to this point when we recalculate the amount due the contractor.</p> <p>f. Explain: STEP 5 is to determine assignee protections. An assignee is generally a bank or other lending institution that has a formal agreement in place whereby payments received on a contract are paid directly to the assignee as repayment for a loan. These agreements are incorporated into the contract itself, and the FAR provides certain protections for the assignee to encourage these loans. In this case, there is no assignee.</p> <p> g. Explain: STEP 6 is to calculate the amount of payment due. We begin with the overall amount due that we already verified, \$31,311. (<i>Write on chalkboard/flipchart: \$31,311.</i>)</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>Next, we check the reduction for unoccupied space. The contract says, in Section G(5) that deductions will be made when "space totalling 5,000 or more (square feet is) are expected to remain unoccupied for 30 calendar days or longer" and that "the period for deducting for unoccupied space will begin on the effective date." That section of the contract also says that the amount of reduction shall be the Wage Determination hourly rate for janitors, shown in the table in Exhibit 5, or \$5.19, for each 2,500 square feet not occupied, times the number of work days the space is vacant. So we have <i>(add these entries on the chalkboard/flipchart)</i>:</p> <ul style="list-style-type: none"> • $7,500 \text{ sq. ft.} / 2,500 = 3$ • $3 \times \\$5.19 = \\15.57 • $\\$15.57 \times 21 = \\326.97. <p>This amount is the one stated by the contractor, but it always should be checked when an invoice is reviewed.</p> <p>Now we turn to the deductions for unsatisfactory performance. The first is a deduction for 8 flights of stairways. The Deduction Table in the contract gives an amount of \$2.07 per flight, so <i>(add to list on chalkboard/flipchart)</i>:</p> <ul style="list-style-type: none"> • $\\$2.07 \times 8 = \\16.56. <p>And there also is a deduction for unsatisfactory policing of a courtyard containing 1,200 square feet. The Deduction Table indicates the deduction should be \$0.42 per 1,000 square feet, so <i>(add to list on chalkboard/flipchart)</i>:</p> <ul style="list-style-type: none"> • $1,200 \text{ sq. ft.} / 1,000 = 1.2 \times .42 = \\0.50. 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>This is a very small amount but it is necessary to do as the contract says and deduct this amount. This gives us <i>(add to list on chalkboard/flipchart)</i>:</p> <ul style="list-style-type: none"> • $\\$31,311 - \\$326.97 - \\$16.56 - \\$0.50 = \\$30,966.97$ <p>This is the amount that should be paid to the contractor.</p>	
	<p>h. Explain: STEP 7 is to notify the contractor of discrepancies if there are any. In this case there were, so what we should do is return the invoice to the contractor with a letter that explains it was rejected because of a discrepancy and that describes the discrepancy. It is very important to do this within 7 days or run the risk of also owing interest on the amount claimed by the contractor. The contractor should be instructed to return a corrected invoice to you.</p>	
	<p>i. Explain: STEP 8 is to make a final determination if the contractor protests your recalculation. You must then either accept the contractor's calculation and forward it for payment or use your own and notify the contractor that its protest was not accepted.</p>	
	<p>j. Explain: STEP 9 is to certify the corrected invoice and forward it for payment.</p>	
	<p>k. Question: Did everyone understand every step? Are there any questions? <i>(Answer student questions.)</i></p> <p>l. Explain: The procedure for processing invoices is not very complicated, but it is important that it be done carefully and promptly. If you ever do process invoices, you can return to this Chapter in your Text/Reference to help you. <i>(Proceed to the next lesson.)</i></p>	

TOPIC 10.1: OVERVIEW OF LESSON 10

Ref: Chapter 9, p. 1-11

Objective: When you have completed this overview, your students must be able to specify the steps involved in contract closeouts and describe what is involved in each step.

Time: 1:00 PM (10 minutes)

Method: Lecturette

NOTE: *Typographical errors in Chapter 9 of the Text/Reference include:*


- *p. 9-2, step 9.9: step 9.9 should be moved and inserted as step 9.2, and all other steps renumbered accordingly. This change also should be reflected in the sequence of steps presented later in the Chapter.*

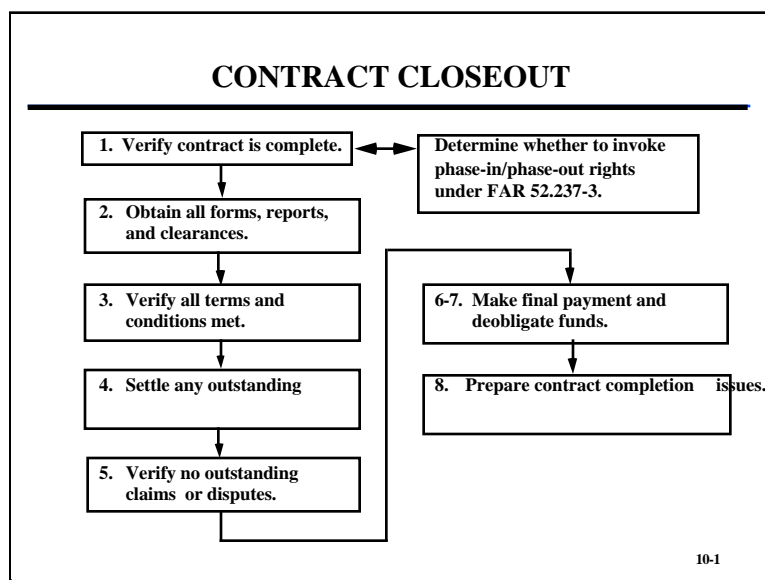
Call this to the attention of the students at the beginning of this lesson.

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: We are nearing the end of the course. You have learned much of what's required of you as a contract administrator. You've learned how to plan and carry out contract monitoring and how to deal with many of the problems and issues that challenge contract administrators. You'll learn about still more about how to deal with problems and issues in advanced courses and through your own experience on the job.</p> <p>For now, though, let's assume your contract has reached its completion. The contractor has fulfilled all of its responsibilities. This lesson looks at how contracts end, and at the duties of the contract administrator during closeout.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>b. Explain: Closeout means making sure that all performance requirements were met, that the Government's payments to the contractor are complete, and that all other obligations on both parties are satisfied. You should initiate a closeout as soon as practical following the completion of performance. Although you may have up to 36 months to finish a closeout, depending on the type of contract, many steps should be done promptly while the details of the contract are still fresh. Promptness also will help insure that any materials or equipment loaned to the contractor are returned while they still are useful and that interest payments on any outstanding amounts due to the contractor are avoided or minimized.</p>	
 10-1	<p>c. Show: (<i>Vugraph 10-1, Steps in Contract Closeout.</i>)</p>	




LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>d. Explain: Let's take a look at each step. Some steps may include the resolution of issues not covered in this course, but you should at least be aware of them so you know when to seek help during a closeout assignment.</p> <ul style="list-style-type: none"> • STEP 1: Verify contract completion. You have to verify that all of the contractor's responsibilities have been met, including some that occur after final acceptance, such as receipt of the contractor's final invoice or the exercise of a post-performance option or warranty. We'll discuss these additional responsibilities as we go through the other steps. <p>Generally, contract completion is marked by acceptance reports covering all of the work to be performed under the contract and its modifications. An exception is contracts terminated either for default or for the convenience of the Government. In these instances, performance ends when the termination notice is issued.</p> <ul style="list-style-type: none"> • STEP 1A: Decide on service continuity. Some services contracts include clauses giving the Government the option to require the contractor to provide follow-on services for up to 90 days. These additional services may be needed to transfer operations to a new contractor. The new contractor's personnel may require special training or the Government may want to ensure an orderly transition of work in progress. Using a service continuity clause is much like exercising an option except that the Government has the right to require only the particular assistance that is needed. Provision of these additional services is included under the original contract so closeout cannot be completed until any service continuity is accomplished and paid for. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • STEP 2: Obtain needed documentation. As the contract administrator, you are responsible for assembling all of the documentation required to complete a closeout. The necessary paperwork can include a variety of documents such as the contractor's final invoice, audit and indirect rate reports, and certifications regarding patents and royalties. The contract will identify what documentation the contractor must provide at the end of the contract, and what releases it must obtain from the Government before final payment is made. • STEP 3: Verify other responsibilities were met. In addition to documentation, the contractor may have other obligations that must be fulfilled, such as the disposition of classified materials or building passes, the return of blueprints or other materials furnished by the Government, the transfer of equipment purchased with Government funds, and the disposal of hazardous wastes. Certain responsibilities may continue even beyond the end of the contract, such as product warranties or prohibitions against the release of certain information. It may be desirable to send the contractor a notice regarding these provisions prior to closeout. • STEP 4: Settle outstanding issues. Final agreement with the contractor may be needed to resolve any differences that have not yet been settled. Adjustments in price following unpriced modifications or change orders and the amount of fee based on incentive provisions may still require settlement. Other issues could involve the amount of recently imposed liquidated damages or other deductions. 	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • STEP 5: Uncover claims and disputes. The Government may not be aware of potential claims the contractor may initiate even after the work is complete, or of disputes that are still ongoing. All of these must be resolved before closeout is complete. As you learned about claims and disputes, it is essential to get them surfaced as quickly as possible. For protection, many agencies obtain a release from any further claims by the contractor as a condition of final payment. • STEP 6: Arrange payments or refunds. Final payment must be made to the contractor prior to closeout. Similarly, any amounts due from the contractor must be returned. Underpayments or overpayments may result from changes in contract pricing, the imposition of liquidated damages, and so forth. • STEP 7: Recommend deobligation of funds. More funds often are set aside for a particular contract than correspond to the total price. These additional funds comprise a reserve that could be tapped to pay for changes, late payment interest, or other unforeseen events. Once final payment is made and accepted by the contractor, any remaining funds can be deobligated and used for other purposes. • STEP 8: Prepare a contract completion statement. The FAR requires a contract completion statement from the Contracting Officer as part of the closeout process. The requirements for the contract completion statement are listed in Exhibit 9-2 in your Text/Reference. Usually, this statement completes the contract file, which then will be placed in storage. <p>e. Question: Any questions about these steps? (<i>Answer student questions. Then proceed.</i>)</p>	

TOPIC 10.2: CONTRACT CLOSEOUT EXERCISE

Ref.: Chapter 9, p. 1-11



Objective: When your students have completed this segment, they must be able to apply the principles involved in a contract closeout to a representative contract.


Time: 1:10 PM (15 minutes)

Method: Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Introduce: Performing contract closeout properly depends on your knowledge of the contract's terms and provisions, the history of modifications or adjustments made during the course of the contract, documents required of the contractor, final inspection and acceptance reports, provisions regarding warranties, the record of contract payments, and so forth.</p> <p>When you become responsible for a contract closeout, you should begin by creating a list of the documents and other information that you will need to complete the closeout, other than the contract itself and any modifications to it. These will be items that you must request from the contractor, the COR/COTR, the payments office, and any other activities or individuals that may have some role in making sure all contractor and Government obligations have been met.</p> <p>b. Assign: Suppose the Government decides against terminating the Profitable Building Services contract for its poor performance, but also decides not to exercise its option. A new procurement will be initiated instead.</p>	

LESSON PLAN

Ref.	Steps in Presenting the Topic	Instructor Notes
 	<p>And, suppose you are assigned this contract for closeout. Let's create a list of the information and documents you will need before preparing the contract completion statement for the Contracting Officer's signature. We'll try to list everything you will need to perform a closeout for this particular contract. However, we will not list anything that clearly does not apply to this contract, such as records of disposition of classified materials. As you can tell from the contract, no classified materials were involved.</p> <p>Take a minute to look through the contract and Chapter 9 in the Text/Reference to find things we should list.</p> <p>c. Question: <i>(After 2 minutes) Who wants to start? (Call on successive students, getting one suggestion for each. List all acceptable suggestions on a chalkboard/flipchart. If an incorrect or inappropriate suggestion is made, ask other students for their opinion; do not add a suggestion to the list if most students agree it should not be included. Ask for explanations regarding suggestions that are vague or unclear.)</i></p> <p><i>(The following suggestions should be included in the list; others may also be appropriate:</i></p> <ul style="list-style-type: none"> • <i>contractor's final invoice</i> • <i>contractor's release of claims</i> • <i>COR's final acceptance report</i> • <i>COR's report on acceptable condition of furnishings provided for contractor use (C-5-A(3))</i> • <i>COR's report on contractor removing all contractor furnished supplies and equipment</i> 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<ul style="list-style-type: none"> • <i>contractor's return of building passes issued to employees (H-1)</i> • <i>record of payments to contractor</i> • <i>record of funds available for this contract.)</i> <p>d. Recap: The Profitable Building Services contract was not particularly complex, so relatively few items are needed to perform a closeout. Contracts where claims and disputes are pending are considerably more difficult as are contracts that involve large numbers of separately priced line items, Government-furnished property, multiple destination points, or many modifications. In any case, however, it is important to identify the documents and information you will need as early as possible.</p> <p>e. Explain: One last point. Many agencies also work at identifying "lessons learned" from completed contracts, particularly if significant problems occurred. As we have stressed in this course, the best way to get rid of problems is to prevent them in the first place. Diligent planning, alert monitoring, and being ready to deal promptly with whatever happens will prevent problems from becoming overwhelming. By taking a few minutes to note lessons learned at the time of a contract closeout, you will help yourself become a better contract administrator.</p>	
	f. Question: Any questions? (<i>Answer student questions. Then proceed.</i>)	


WRAP-UP

Ref.: None

Objective: When you have completed this segment, your students will know the assignment they are to complete prior to the next day's class and the schedule for the last day.

Time: 1:25 AM (5 minutes)

Method: Presentation

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
 0-1	<p>a. Announce: This concludes your instruction on Basic Contract Administration.</p> <p>b. Show: (<i>Vugraph 0-1, Basic Contract Administration</i>)</p> <p>c. Explain: This is what we covered in this course. You have learned how to:</p> <ul style="list-style-type: none"> • Plan the administration of a contract • Conduct a postaward orientation • Monitor a contractor's performance • Resolve problems that may arise • Apply remedies under the contract • Prepare contract modifications • Process a dispute, claim, or termination • Authorize payments under a contract • Close out a completed contract. 	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>These skills give you a foundation to build on, and they will grow as you gain more experience in managing Government contracts.</p> <p>d. Announce: We'll begin tomorrow with a review session that I'll tell you about in a moment. Then, I'll ask you to fill out course evaluation forms and administer the final examination. You will be free to leave at that point, which should be before noon. Certificates will be mailed to all of you who pass the final examination.</p> <p>e. Assign: To help you prepare for the examination, I'm going to ask you to go carefully through the chapters in the Text/Reference that we covered in this course, Chapters 1 through 10 except for Chapter 3. There is a list of Course Learning Objectives on the second page of each chapter. These are the topics that will be covered by the examination. For example, look at page 4-2 in your Text/Reference. There is an overall objective and then four more specific objectives. Based on what you learned in this course, you should be able to perform each of those four responsibilities. You should know what is required, how to accomplish each activity, and be able to apply that information to a simple example.</p> <p>Before class tomorrow, review the Course Learning Objectives for each chapter we covered. If you come to one that you don't understand or have a question about, and can't find the answer in the chapter, write out a question to ask in class during the review session. Don't rely on your memory; write out your questions so you won't overlook any. I will not try to summarize the course for you during the review. The review will be based entirely on the questions you ask.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
<div data-bbox="240 317 321 401" data-label="Image"> </div>	<p>f. Question: Are there any questions? (<i>Answer student questions.</i>)</p> <p>g. Announce: That's all for today, then. We'll begin promptly tomorrow morning with the review. The better prepared you are with questions, the more you'll get out of it, and the better you will do on the examination.</p>	
<p>END DAY FOUR TIME: 1:30 PM</p>		

DAY FIVE



REVIEW

Ref.: None

Objective: When this session is completed, your students will have received answers to the questions they prepared as the result of their review assignment..

Time: 8:00 AM (120 minutes)

Method: Discussion

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Announce: Yesterday, I asked you to review the chapters in the Text/Reference that we covered during the course, paying special attention to the Course Learning Objectives and writing out questions for those you didn't feel confident about. We'll try to answer those questions this morning. Just to keep the discussion on track, we'll go chapter by chapter. But feel free to ask questions that jump across chapters or that you are reminded of when we are talking about a later chapter.</p>	
	<p>b. Question: O.K. Let's begin with Chapter 1. Any questions? (<i>Proceed through Chapters 1 through 10, omitting Chapter 3 on Ordering Against, and considering Chapter 10 on Disputes, Claims, and Terminations before Chapter 8.</i>)</p>	
	<p>(NOTE: <i>Most students will come prepared with questions although some may be reluctant to participate. Encourage them.</i></p> <p><i>In general, try to respond to each question completely but succinctly. Do not go into lengthy replies. Try to get the student asking the question to seek clarification if needed, such as asking for an example or the meaning of some statement. Let the students structure and lead this session as much as possible.</i></p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>Encourage discussion and follow-on questions. Ask other students to attempt to reply to a question only if you are reasonably confident they will answer correctly. Discussion and replies from other students generally will be most useful when the issue involves opinion rather than fact.</i></p> <p><i>If the session seems to be winding down early, stimulate more questions and comments by asking:</i></p> <ul style="list-style-type: none"> <i>• what parts of the course did you like best? least?</i> <i>• were any areas or topics confusing?</i> <i>• which topics seem to have the most application to your own job? least application?</i> <i>• are there any topics you wanted included in the course that were not covered?</i> <i>• can you name one topic where your skills really developed?)</i> <p>c. Announce: (At 10:00 AM) We'll take a break now. We'll do the course evaluation when you come back and then take the examination. Be back at 10:20.</p>	
<p style="text-align: center;">BREAK TIME: 10:00 AM (20 MINUTES)</p>		

EVALUATION AND EXAMINATION


Ref.: None

Objective: When this segment is completed, all students will have filled out a course evaluation form and taken the course examination.

Time: 10:20 AM (70 minutes)

Method: Seatwork

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p>a. Announce: I'm going to distribute the course evaluation forms. Please complete one and return it to me when you finish. Feedback from these forms is important for helping us make this course and all the other courses as productive as possible. We want to have your opinions and comments.</p> <p><i>(Distribute the forms and allow about 5 minutes for the students to complete them and return them to you.)</i></p> <p>b. Announce: <i>(After 5 minutes)</i> Do I have all of the evaluation forms?</p> <p>Now it's time for the exam. I'll distribute a copy to each of you. Read the directions carefully and then begin. You'll have as much time as you need. Try to answer every question. When you finish, bring the examination booklet to me and you can leave. Certificates will be mailed to those who get a passing score.</p> <p>Don't forget to take your Text/Reference and exercise book with you. You'll want to refer back to them for help in your own contract administration assignments.</p> <p>I'd like to thank you for your active participation in this course and for working as hard as you did. I think this was a good learning experience for all of us, me included. Good luck on the examination.</p>	

LESSON PLAN		
Ref.	Steps in Presenting the Topic	Instructor Notes
	<p><i>(Distribute an examination booklet to each student and urge them to begin. The exam will require roughly 45 to 90 minutes depending on the student.</i></p>	
	<p><i>Collect the completed test booklet from each student as they finish. Make sure the student's name is on the booklet.)</i></p>	
<p>END DAY FIVE TIME: 11:30 AM</p>		